



*THE CONTRIBUTION OF TOURISM TO GROWTH AND DEVELOPMENT
IN KWAZULU-NATAL*

By

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Undertaking

In conformity with the regulations of the University of Pretoria, I hereby state that what follows is my own original work, unless specifically indicated to the contrary in the text. Furthermore, this dissertation has not been submitted for a degree at any other University.



Abstract

In order to be able to determine the contribution of the tourism sector to the KwaZulu-Natal economy, the study starts by reviewing some economic indicators that show the contribution of different economic sectors to GDP and to the economy in general. Where possible a comparison was made with other provinces and the RSA. These comparisons showed that the KwaZulu-Natal economy still has many problems, such as a relatively low gross geographical product per capita and a high unemployment rate (32,2 per cent). However, it has the potential to be the largest contributor to the GDP of the country despite the political problems that are still prevalent in some areas of the province, and also the fact that it has the largest population compared to other provinces. The manufacturing sector is the highest contributor to GDP and during 1988 to 1994 its average contribution was 30,3 per cent, followed by trade and government sectors with 16 per cent and 13,4 per cent respectively.

The study reviewed the economic principles underlying the tourism industry, and also attempted to put the tourism industry into perspective with other economic sectors. This revealed that the tourism industry by its nature falls into the category of service industries and that it is governed by the same economic principles that govern any market namely, demand and supply forces. Most importantly however, is the realisation that this industry has a significant macroeconomic impact, for example, on inflation, employment, balance of payments and economic growth.

The study has attempted to elicit the views of those involved in tourism activities and through the use of secondary sources examined the position of the South African tourism industry to that in the world and more importantly the relative position of the KwaZulu-Natal tourism industry. This data showed that there is a steady increase in the tourists inflow from 1985 to 1995 (from 728 000 to 4.5 million) and also revealed their spending patterns. Based on this data, projections were made for 1998 to 2006, and these projections are in line with most of the economic analysts' speculations that there will be a steady increase of foreign tourist arrivals for the next five to ten years. Thus, the study has taken both a qualitative and a quantitative approach.



It was also found that in order for the tourism industry to contribute successfully to the economic growth of the province, it has to be properly developed and managed, which means that there has to be a policy that will guide the actions of all the interest groups, and all the appropriate structures has to be put in place following market development principles. The roles of different institutions, whether government, private sector or non-governmental organisations have to be defined and co-ordinated towards the same goals, that is, to have a tourism industry that is economically viable and that benefits all the communities.

CONTENTS

PAGE

<i>Acknowledgements</i>	<i>(i)</i>
<i>Undertaking</i>	<i>(ii)</i>
<i>Abstract</i>	<i>(iii)</i>

CHAPTER I : PROBLEM STATEMENT AND METHODOLOGY

<i>1.1 Introduction</i>	<i>1</i>
<i>1.2 Intra - and interregional linkages</i>	<i>4</i>
<i>1.3 Personal income</i>	<i>6</i>
<i>1.4 Labour</i>	<i>8</i>
<i>1.5 Informal sector</i>	<i>9</i>
<i>1.6 Objectives of the study</i>	<i>13</i>
<i>1.7 Hypotheses</i>	<i>14</i>
<i>1.8 Methodology</i>	<i>14</i>

CHAPTER II : THE TOURISM PROFILE AND INSTITUTIONAL STRUCTURE IN KWAZULU-NATAL

<i>2.1 Introduction</i>	<i>16</i>
<i>2.2 Tourism potential of KwaZulu-Natal</i>	<i>16</i>
<i>2.3 The profile of the existing tourism attractions</i>	<i>22</i>
<i>2.3.1 Thukela</i>	<i>23</i>
<i>2.3.2 Zululand</i>	<i>27</i>
<i>2.3.3 Southern Natal</i>	<i>30</i>
<i>2.3.4 Natal Midlands</i>	<i>32</i>
<i>2.4 Institutions involved in tourism</i>	<i>32</i>
<i>2.4.1 Government sector</i>	<i>32</i>
<i>2.4.1.1 Reasons for government involvement</i>	<i>32</i>
<i>2.4.1.2 Public sector roles and functions in tourism</i>	<i>33</i>
<i>2.4.1.3 The role of the provincial government</i>	<i>36</i>
<i>2.4.1.4 The role of local government</i>	<i>38</i>

2.4.2	<i>Private sector involvement</i>	40
2.4.3	<i>The role of Non-Governmental Organisations</i>	42
2.4.4	<i>The role of labour</i>	44
2.4.5	<i>The role of communities</i>	
2.4.6	<i>The role of the media</i>	45
2.5	<i>The relations between the public sector and the private sector</i>	48
2.6	<i>Summary</i>	49

CHAPTER III: THE ECONOMICS OF TOURISM

3.1	<i>Introduction</i>	51
3.2	<i>Definitions and characteristics of a service industry</i>	51
3.2.1	<i>Definitions</i>	51
3.2.2	<i>Characteristics of services</i>	52
3.3	<i>Tourism as a service industry in the economy</i>	53
3.4	<i>Microeconomic perspective of tourism</i>	58
3.4.1	<i>The nature of the market demand for tourism products</i>	58
3.4.1.1	<i>Definition of demand</i>	58
3.4.1.2	<i>Total revenue (gross)</i>	61
3.4.1.3	<i>Demand shifters</i>	61
3.4.1.4	<i>Indicators of demand</i>	63
3.4.1.5	<i>Price elasticities of demand</i>	64
3.4.2	<i>The supply of tourism products</i>	65
3.4.2.1	<i>The nature of market supply</i>	65
3.4.2.1.1	<i>Definition of supply</i>	65
3.4.2.1.2	<i>Supply determinants</i>	66
3.4.2.1.3	<i>The supply schedule</i>	68
3.4.2.1.4	<i>Supply shifters</i>	69
3.4.2.1.5	<i>Elasticity of supply</i>	69

3.4.3	<i>Market Equilibrium</i>	71
3.4.4	<i>Tourist area lifecycle</i>	72
3.5	<i>Macroeconomic perspective of tourism</i>	74
3.5.1	<i>Balance of payments</i>	76
3.5.2	<i>Foreign exchange earnings</i>	77
3.5.3	<i>Tax revenue</i>	78
3.5.4	<i>Inflation</i>	78
3.5.5	<i>Employment</i>	79
3.5.6	<i>Economic growth</i>	80
3.5.7	<i>Economic development</i>	82
3.6	<i>Regional growth models</i>	85
3.6.1	<i>Supply - Determined Regional Growth</i>	85
3.6.2	<i>Demand - Determined Regional Growth</i>	86
3.7	<i>Externalities associated with tourism</i>	87
3.8	<i>Summary</i>	89

CHAPTER IV: THE ECONOMIC ANALYSIS OF THE TOURISM INDUSTRY

4.1	<i>Introduction</i>	90
4.2	<i>South African share of the world tourist market</i>	90
4.3	<i>South African tourism industry's economic importance</i>	92
4.3.1	<i>Contribution to GDP and GNP</i>	92
4.3.2	<i>Contribution to foreign exchange earnings</i>	94
4.3.3	<i>Geographical contribution of tourism</i>	97
4.4	<i>Determination of the growth and development potential of tourism in KwaZulu-Natal</i>	100
4.4.1	<i>Empirical research study and method</i>	100
4.4.2	<i>Limitations</i>	102
4.4.3	<i>Research findings</i>	102
4.4.4	<i>Analysis of the findings</i>	107
4.5	<i>Estimation of the economic impact of tourism</i>	109

4.6	<i>Projections of tourism demand</i>	111
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CHAPTER V: TOURISM POLICY, PLANNING AND MARKETING

5.1	<i>Introduction</i>	117
5.2	<i>Establishing a tourism policy</i>	117
5.2.1	<i>Tourism goals</i>	117
5.2.2	<i>Market development goals</i>	118
5.2.3	<i>Resource protection and conservation goals</i>	119
5.2.4	<i>Tourism objectives</i>	119
5.3	<i>Tourism development plans</i>	119
5.3.1	<i>Preparing a resource inventory</i>	120
5.3.2	<i>Conducting an economic impact analysis</i>	121
5.3.3	<i>Conducting a social and cultural impact analysis</i>	122
5.3.4	<i>Planning tourist attractions</i>	123
5.4	<i>Marketing tourism</i>	124
5.4.1	<i>Key definitions and core concepts of marketing</i>	124
5.4.2	<i>Marketing plan</i>	125
5.4.3	<i>Target marketing</i>	125
5.4.3.1	<i>Market segmentation</i>	126
5.4.3.2	<i>Market targeting</i>	126
5.4.3.3	<i>Product/service positioning</i>	126
5.4.4	<i>Applying the general marketing components to tourism</i>	126
5.4.5	<i>Marketing approach</i>	130
5.5	<i>Implementing the tourism plan</i>	130
5.5.1	<i>Public-private sector co-ordination in implementing the tourism plan</i>	131
5.6	<i>Managing the tourism industry</i>	132
5.6.1	<i>Establishing a tourism information system</i>	133
5.6.2	<i>Monitoring</i>	134
5.6.3	<i>Coping with saturation</i>	134



5.7	<i>Summary</i>	136
CHAPTER VI:	<i>SUMMARY AND CONCLUSIONS</i>	139
<i>BIBLIOGRAPHY</i>		145

<i>LIST OF TABLES</i>	<i>PAGE</i>
<i>Table 1.1 : Real gross geographic product by economic sector of South Africa and KZN, 1988-1993.</i>	4
<i>Table 1.2 : Utilisation of goods and services produced in KZN and average for provinces in the RSA as a percentage of sectoral production.</i>	6
<i>Table 1.3 : Imports of the KwaZulu-Natal and average for provinces in the RSA.</i>	7
<i>Table 1.4 : Remuneration by population group in the KZN and RSA, 1991</i>	8
<i>Table 1.5 : Personal income and tax and gini coefficients in KZN and RSA, 1991</i>	9
<i>Table 1.6 : Unemployment rate and employment by economic sector in KZN and RSA, 1993.</i>	10
<i>Table 1.7 : Percentage contribution of the informal sector to the GDP and employment in KZN and RSA, 1994</i>	11
<i>Table 3.1 : Tourism demand schedule</i>	60
<i>Table 3.2 : Tourism supply schedule</i>	68
<i>Table 3.3 : Economic development and tourism</i>	83
<i>Table 4.1 : The relative contribution of South African tourism expenditure to the GDP and GNP, 1986 to 1995</i>	93

<i>Table 4.2 : International tourists to SA and their countries of origin, 1985 - 1995</i>	94
<i>Table 4.3 : The value of the tourism market in RSA, 1994</i>	97
<i>Table 4.4 : Share of tourism expenditure by provinces, 1994</i>	99
<i>Table 4.5 : Provincial source markets of tourism, 1994</i>	111
<i>Table 4.6 : Projections of South African foreign tourism demand, 1985 - 1995</i>	113
<i>Table 4.7 : Pattern of domestic tourism by type of accommodation, 1992</i>	115
<i>Table 5.1: Four types of marketing alternatives</i>	129

LIST OF FIGURES

<i>Figure 3.1 : Tourism market demand</i>	59
<i>Figure 3.2 : Tourism market demand curve and total revenue</i>	61
<i>Figure 3.3 : Tourism market supply</i>	68
<i>Figure 3.4 : Momentary, short – run and long - run supply curves</i>	70
<i>Figure 3.5 : Equilibrium price and changes in supply</i>	71
<i>Figure 3.6 : Hypothetical tourist area life cycle</i>	72
<i>Figure 4.1 : Foreign tourist arrivals in South Africa, 1985 to 1995</i>	95

CHAPTER I

PROBLEM STATEMENT AND METHODOLOGY

1.1 INTRODUCTION

KwaZulu-Natal stretches over some 92 180 square kilometres on the eastern seaboard of South Africa which covers 7,6 per cent of the country's geographic area. It is bounded in the north by Mozambique, Swaziland, and one of South Africa's nine provinces, Mpumalanga (formerly Eastern Transvaal). To the west, KwaZulu-Natal is bounded by Lesotho and another province, the Free State, and in the south by the province Eastern Cape (see appendix B). It enjoys one of the finest climates and boasts some of the most attractive and varied topographies in the world. There are hundreds of kilometres of magnificent sandy year-round beaches, the huge Drakensburg mountain range in the west and many unique natural attractions like the wetlands and lakes around St Lucia (KwaZulu-Natal Marketing Initiative, 1996).

The KwaZulu-Natal (KZN) Province has the largest population compared to other Provinces namely, 8,577 million, that is 21 per cent of the country's population, yet its contribution to gross domestic product (GDP) is as low as 14,5 per cent (Central Statistical Service (CCS), 1994). This calls for efforts towards increasing the Province's contribution to GDP and improving the welfare of the people in the Province. In 1991 the gross geographical product per capita of KZN was only R 5 212 compared to R 7 388 in South Africa.

Increasing the Province's contribution to GDP can primarily be effected by increasing the employment rate. Presently the unemployment rate in the Province is 32,2 percent and the highest level occurs amongst blacks, namely 38 per cent (Central Statistical Service, 1994). Furthermore, the labour absorption capacity is low (44,8 per cent) as compared to 56,9 per cent in the Western Cape and 49,9 per cent in South Africa (op. cit.). This shows that the Province has a relative large share of marginalised and poor people. Reducing the unemployment rate requires various strategies, and in this

Province it appears to be more problematic when looking at the Human Development Index (HDI) which can be regarded as a point of departure. Presently the HDI is 0,58 (Economic Affairs and Tourism, 1994) (desired rate = 1). This index measures the quality of life on the basis of three development indicators, namely, years a person has to live, (life expectancy), earned income (personal income) and ability to communicate (literacy).

The economic activities are geographically distributed very unevenly over the Province, (see Table 1.1), with a high concentration within and outside the metropolitan areas (Durban/Pinetown/Pietermaritzburg metropolitan areas), as well as the coastal areas where tourist activities have a considerable economic impact. Because of the favourable climate and the high rainfall, the agricultural sector in the Province makes an important contribution to the total agricultural production in the country. Although the agricultural sectors account for a relatively small contribution to GGP, it nevertheless plays an important role in the provincial economy, in the sense it provides raw materials to the agro-industries for further processing. The main agricultural activity in the province is sugar cultivation, dairy farming, maize production and meat production. The local forestry industry is a profitable and labour intensive industry. Besides the Mpumalanga Province, forestry in this province is the largest in the country (Industrial Development Corporation, 1996).

The contribution of the mining industry to economic activity in the Province is relatively limited (2,3 per cent). Zirconium and heavy metals such as titanium and rutile are exploited in the coastal dunes. High grade coal deposits also exist and are mainly exported. A noticeable feature of the KwaZulu-Natal provincial economy is its poor endowment regarding exploitable mineral deposits. Apart from coal, which is responsible for about 80 percent of the mineral production in the province, titanium minerals, building sand, aggregate and limestone are also exploited in small quantities. Manufacturing is the most important sector in the provincial economy. It is well developed and diversified. The Province has a very large and highly developed agro-

industry that processes the outputs of the agricultural sector into final consumption goods. Downstream activities from the forestry industry such as paper, pulp and wood production also make an important contribution to the manufacturing sector. The manufacturing sector was responsible for almost a third of the total economic activity in this Province in 1993 showing a well developed local economy (Table 1.1). This Province's contribution of more than 18,4 percent to total manufacturing production in the RSA is high compared with other Provinces. There has also been a steady growth in the production of nonferrous metals and related products. Most of this can be attributed to the activities of Alusaf and Richard Bay minerals. Alusaf now has the eighth largest production plant for aluminium in the world.

The tourism industry in the province (especially the coastal areas) is renowned and receives the third largest number of foreign visitors to the RSA. Some of the most visited attractions are beautiful beaches, Drakensberg resorts and various game reserves (Industrial Development Corporation, 1996). This is to a large extent responsible for the large share of the tertiary sector in the economic activity of the area.

The importance of services industries in the Province is shown by the fact that trade, transport and finance services contributed nearly 40 per cent towards the GGP. This is an indication of a well developed service sector in the Province that are vital to the further development of the tourism industry. There is an enormous scope for further growth in this sector, especially from downstream production activities (op. cit.).

As can be derived from the information regarding trade and accommodation, in Table 1.1 and in comparison with the corresponding data in other Provinces, tourism is noticeably contributing to economic activity in the Province, but have the potential to substantially increase its share in KZN.

1.2 INTRA- AND INTERREGIONAL LINKAGES

The data presented in Tables 1.2 and 1.3 gives a clear indication of the varied sectoral linkages that exist within KZN and between KZN, other RSA Provinces and the international world. It is important to take note of these linkages in the context of further development of the tourism industry in KZN. The salient features of the linkages of the main economic sectors are discussed below.

**TABLE 1.1: REAL GROSS GEOGRAPHIC PRODUCT BY ECONOMIC SECTOR
OF SOUTH AFRICA AND KZN, 1988-1993**

SECTOR	KZN : % of GGP	RSA: % of GDP	KZN contribution to RSA GDP	% change in KZN GGP	% change in RSA GDP
<i>Agriculture</i>	5.9	4.8	18.1	-0.6	-1.2
<i>Mining</i>	2.3	10.2	3.3	2.9	0.2
<i>Manufacturing</i>	30.3	24.2	18.4	-1.8	-1.8
<i>Electricity</i>	2.5	4.8	7.6	3.3	2.5
<i>Construction</i>	3.2	3.0	16.0	-1.8	-1.7
<i>Trade</i>	16.1	14.9	15.9	0.3	-0.4
<i>Transport</i>	11.0	7.5	21.8	0.7	0.5
<i>Finance</i>	11.1	11.8	13.8	1.6	0.8
<i>Community services</i>	2.0	1.9	14.9	2.4	1.5
<i>Government</i>	13.4	14.7	13.4	-1.6	1.6
<i>Other</i>	2.3	2.3	14.9	1.0	1.0
TOTAL	100.0	100.0	14.7	-0.4	-0.1

Source: Central Statistical Service, 1994

The data in Table 1.2 shows that 16,2 per cent of the local agricultural production is further benefited (intermediate consumption) and used by other industries in KwaZulu-Natal, which is much higher than the average of 8,8 per cent for all the Provinces in South Africa. In addition to this, a higher percentage of agricultural

production is consumed by households in this province, compared with the RSA as a whole, resulting in a lower percentage of unprocessed produce available for interprovincial and international exports.

According to the data in Table 1.3, it is evident that the agricultural sector is less dependent on inputs from other provinces (6 per cent) and internationally (1,0 per cent) than the average agricultural sector in the country, showing a relatively higher agglomeration effect with regard to this sector, but imports of agricultural products from other Provinces constitute 82,3 per cent of the value of product consumed locally.

Table 1.2 shows that although only 5,4 per cent of the mining production is further beneficiated and used by other industries in KwaZulu-Natal, it nevertheless compares favourable with the average figure of 4,7 per cent for the mining sector in the RSA.

According to Table 1.3, the mining sector is less dependent on inputs from other Provinces (15,4 per cent) and internationally (3,6 per cent) than the average mining sector in the country, showing a relatively higher agglomeration effect with regard to this sector. As far as local manufacturing production is concerned, Table 1.2 shows that only 12,1 per cent is further beneficiated and used by other industries in KwaZulu-Natal, compared with an average figure of 16 per cent for the manufacturing sector in South Africa as a whole. Together with this, a lower percentage of manufacturing production is also consumed by households in this province, compared with the RSA as a whole, resulting in a higher percentage available for interprovincial and international exports. Looking at Table 1.3, it is evident that the manufacturing sector is heavily dependent on inputs from other provinces (43,3 per cent) and internationally (16,1 per cent) than the average manufacturing sector in South Africa showing also a lower agglomeration effect with regard to this sector. It is also clear that KwaZulu-Natal is less self-sufficient than the average province with regard to manufactured products, since 56,4 per cent of the manufactured products are used locally compared with 54,9 per cent in the case of the average province in South Africa.

TABLE 1.2: UTILISATION OF GOODS AND SERVICES PRODUCED IN KWAZULU-NATAL AND AVERAGE FOR PROVINCES IN THE RSA AS A PERCENTAGE OF SECTORAL PRODUCTION

SECTOR	Intermediate Consumption		Private Consumption		Total Local Consumption		Interprovincial Exports		International Exports	
	KZN	AVER PROV	KZN	AVER PROV	KZN	AVER PROV	KZN	AVER PROV	KZN	AVER PROV.
AGRICULTURE	16.2	8.8	3.7	2.7	19.9	11.5	72.8	82.1	7.3	6.4
MINING	5.4	4.7	0.0	0.0	5.4	4.7	0.1	10.8	94.5	84.5
MANUFACTURING	12.1	16.0	4.5	4.6	16.6	20.6	54.9	65.3	18.5	14.1
ELECTRICITY	10.8	17.6	2.3	2.2	13.1	19.8	86.2	79.6	0.7	0.6
CONSTRUCTION	3.3	5.3	0.0	0.0	3.3	5.3	96.6	94.6	0.1	0.1
TRADE	4.5	7.5	9.8	14.3	14.3	21.8	78.0	70.5	7.7	7.7
TRANSPORT	4.0	6.9	5.3	6.6	9.3	13.5	61.7	54.1	29.0	32.4
FINANCE	7.2	13.9	6.1	10.5	13.3	24.4	82.2	71.1	4.5	4.5
OTHER	8.9	14.7	5.8	11.4	14.7	26.1	84.8	73.4	0.5	0.5
AVERAGE	8.0	10.6	4.2	5.8	12.2	16.4	69.7	66.8	18.1	16.8

Source: Industrial Development Corporation (IDC), 1996

The service's sectors, namely, trade, transport, electricity and finance are relatively independent as each of them imports less than 30 per cent of its local production with the exception of the construction sector which is more heavily dependent on imports from other Provinces.

1.3 PERSONAL INCOME

Although whites represent only about 8 per cent of the population in KwaZulu-Natal, they earn nearly 45 per cent of the labour remuneration in the province, compared with the corresponding figure for blacks of about 82 per cent and about 36 per cent respectively (Table 1.4). An interprovincial comparison of income distribution, as

TABLE 1.3: IMPORTS OF KWAZULU -NATAL AND AVERAGE FOR PROVINCES IN THE RSA

SECTOR	IMPORTS OF GOODS AND SERVICES (INPUTS) BY SECTOR AS PERCENTAGE OF PRODUCTION				IMPORTS OF PRODUCTS/SERVICES AS PERCENTAGE TOTAL VALUE CONSUMED LOCALLY			
	PROVINCIAL IMPORTS		INTERNATIONAL IMPORTS		PROVINCIAL IMPORTS		INTERNATIONAL IMPORTS	
	KWAZULU NATAL	AVERAGE PROV	KWAZULU NATAL	AVERAGE PROV	KWAZULU NATAL	AVERAGE PROV	KWAZULU NATAL	AVERAGE PROV
AGRICULTURE	6.0	30.9	1.0	4.7	82.3	82.7	5.4	5.2
MINING	15.4	22.1	3.6	4.6	40.6	40.7	56.5	46.2
MANUFACTURING	43.3	40.1	16.1	15.4	56.4	54.9	24.2	24.0
ELECTRICITY	23.7	20.0	1.2	1.6	93.8	80.0	0.0	0.0
CONSTRUCTION	53.1	44.8	5.1	6.0	82.0	67.9	0.3	0.2
TRADE	30.2	29.2	2.8	3.1	86.0	75.8	1.0	1.1
TRANSPORT	26.8	22.4	4.1	3.7	70.5	70.2	10.1	10.2
FINANCE	14.6	14.5	1.4	1.6	83.5	69.3	4.8	4.7
OTHER	50.6	43.9	7.8	7.9	84.1	73.8	1.4	1.5
AVERAGE	29.3	29.8	4.8	5.3	75.5	68.4	11.5	10.4

Source: IDC , 1996

measured by the Gini coefficient, shows that the income distribution in KwaZulu-Natal with a coefficient of 0,73 together with Mpumalanga, is the second most skewed of all provinces (IDC, 1996 and Table 1.5).

However, the income distribution based on salaries and wages of employees before tax, shows a less skewed distribution than in the case of household income. The distribution pattern improves further, if the Gini coefficient is calculated on after tax remuneration, namely 0,56 compared with 0,61, if based on taxable income. This shows that the higher income groups are responsible for a substantial portion of personal income tax payments in the province.

**TABLE 1.4: REMUNERATION BY POPULATION GROUP
IN THE KZN AND RSA, 1991**

Group	Income %		Population %		Per Capita (R)	
	KZN	RSA	KZN	RSA	KZN	RSA
<i>White</i>	44.7	66.9	7.5	13.5	19 652	19 666
<i>Coloured</i>	2.0	6.7	1.3	8.7	4 998	3 569
<i>Asian</i>	16.9	3.7	9.7	2.6	5 754	6 512
<i>Black</i>	36.4	32.7	81.5	75.2	1 473	2 025

Source: IDC, 1996

1.4 LABOUR

In terms of the provision of job opportunities in the formal sector KwaZulu-Natal is the second largest Province in the country (IDC, 1996). The highest concentration of employment is in the manufacturing industry and government sectors, accommodating 22,6 and 20,3 per cent of the labour force (5.8 million) respectively (Table 1.6).

While the number of jobs decreased by 1,2 per cent per annum during the period 1991 to 1993, it was however, less than the corresponding decrease of 1,5 per cent, registered for the country as a whole.

The largest decline in employment occurred in the construction sector during the above-mentioned period, namely a loss of 10 500 job opportunities, which is almost a third of the decreases in the total workforce in KwaZulu-Natal mainly due to the general downturn in the business cycle. Decreases were registered in the transport, electricity, and manufacturing sectors, which was partly offset by increases in the financial and

**TABLE 1.5: PERSONAL INCOME AND TAX AND GINI COEFFICIENTS
IN KZN AND RSA, 1991**

<i>Personal income and tax</i>	<i>KZN</i>	<i>RSA</i>
<i>Personal income (Rm)</i>	<i>32 573</i>	<i>215 777</i>
<i>Personal income tax (Rm)</i>	<i>3 885</i>	<i>28 971</i>
<i>Personal disposable income (Rm)</i>	<i>28 688</i>	<i>186 806</i>
<i>Gini coefficients:</i>		
<i>Household income</i>	<i>0,73</i>	<i>0,72</i>
<i>Employee's income before income tax</i>	<i>0,61</i>	<i>0,63</i>
<i>Employee's income after income tax</i>	<i>0,56</i>	<i>0,58</i>

Source: Central Statistical Services, 1996

government sectors. The decline in employment, together with the natural growth in the supply of new job seekers in the market, caused unemployment to rise from 25,3 per cent in 1991 to 32,2 percent in 1994. This is just lower than the 13 percentage point increase in the unemployment rate, to a level of 32,6 per cent in the country. More than 25 per cent of employment is concentrated in sectors that are tourism related (finance, trade and transport).

1.5 INFORMAL SECTOR

The contribution of the informal sector to local economic activity in terms of value added amounts to 7,3 per cent, showing the importance of this sector in KwaZulu-Natal, whereas its contribution to the national economy is only 1,1 per cent (Table 1.7).

TABLE 1.6: EMPLOYMENT BY ECONOMIC SECTOR IN KZN AND RSA, 1993

<i>Sector</i>	<i>% contribution in 1993</i>		<i>KZN's employment contribution to RSA</i>	<i>Employment (annual % change), 1991 -1993</i>	
	<i>KZN</i>	<i>RSA</i>		<i>KZN</i>	<i>RSA</i>
<i>Agriculture</i>	10.3	11.4	16.4	-0.3	-0.6
<i>Mining</i>	1.5	8.1	3.4	-7.5	-6.7
<i>Manufacturing</i>	22.6	18.2	22.3	-3.2	-3
<i>Electricity</i>	0.7	1	12.1	-4	-4.1
<i>Construction</i>	4.2	5.2	14.5	-8	-4.6
<i>Trade</i>	13.9	12.6	19.8	-0.7	-1.1
<i>Transport</i>	5.9	4.9	21.8	-4.2	-5
<i>Finance</i>	5.5	6.1	16.1	2.8	2.5
<i>Community services</i>	4.4	4.1	19.4	0.6	0.6
<i>Government</i>	20.3	18.2	20	1.7	1.7
<i>Other</i>	10.5	10.1	18.6	-0.7	-0.7
<i>Total</i>	100	100	18	-1.2	-1.6

Source: IDC, 1996

In terms of job creation in this province, the informal sector is also playing a noticeable role in providing 331 000 job opportunities, representing 19,5 per cent of the total employment in the Province compared to 3,6 per cent of employment in South Africa.

TABLE 1.7: PERCENTAGE CONTRIBUTION OF THE INFORMAL SECTOR TO GDP AND EMPLOYMENT IN KZN AND RSA, 1994

	<i>KZN</i>	<i>RSA</i>
<i>GDP</i>	7,3	1,1
<i>Employment</i>	19,5	3,6

Source: IDC, 1996

Having stated some of the economic and socio-economic features and problems of the province, it is apparent that remedial measures and strategies need to be taken. One such strategy is tourism development. Tourism is a potent force for economic development and the nature of this province is suitable for tourism. The principal raw materials or elements of tourism are twofold:

- * its people and their history; and*
- * its natural features.*

The former KwaZulu government in 1989 hired consultants to research and investigate the tourism potential of the province. Fowkes (1990) found that the province has an exceptional tourism potential. Thus, it has the potential to enter into this market. Entering this market as an economic option requires a scientific analysis of the tourism potential of the province and its place in the total market.

Considering that tourism is recognised as:

- * a means of generating a positive flow of funds into the province, originating not only internationally, but also from elsewhere in South Africa;*
- * a profitable form of natural resource utilisation which is sustainable and non-consumptive;*



- * *a labour intensive industry; and*
- * *a means of encouraging understanding of all the cultural and other aspects of the Province by visitors, it can definitely be expected to contribute significantly to the economic growth and the general development of the province (Mill, 1992). By creating employment opportunities through expanding the tourism industry, personal income per capita will increase, and investing in tourism also entails investing in infrastructure - the results of which is general development.*

There is no doubt that tourism has, and continues to be, a focus for development in the world. This is particularly significant in those regions of a country that are either suffering the social and economic hardship of de-industrialisation or are seeking development options for foreign exchange earnings (Kinnaird and Hall, 1994). Tourism is recognised as the world's fastest growing industry, representing 7 per cent of all the world exports (op. cit.). These realisations indicate that the demand for tourism, linked to major indicators of lifestyle changes and opportunities among those most likely to participate in the international tourism market will continue to expand, therefore investing in this industry is a strategy for capital accumulation (Kinnaird and Hall, 1994).

Tourism is seen as a soft means of promoting development: it is attractive because it faces fewer constraints than alternative forms of economic development. There is an absence of market protectionism, technological and human resource demands are low (it is service - oriented and, for the most part, requires low - skilled labour), and it appears to have fewer environmental and infrastructural constraints than heavy manufacturing or agricultural development demand (op. cit.).

In addition to developments in the international tourism market, domestic or national tourism within many countries is also increasing. This is partly due to the prevalence of increased leisure time and wealth creation, but also to the encouragement of tourist-

related development in regions seeking to restructure their economies. In Britain the heritage industry occupies an increasingly central role in local and national strategies for economic growth and development. Regions attempt to present and promote a unique tourism image based largely on their heritage (Kinnaird and Hall, 1994). In South Africa, the situation is almost similar, and regions or provinces have to exploit those economic options in which they have a comparative advantage. Hence regions with tourism potential have to exploit benefits from the tourism industry.

Currently, this province is characterised by political violence, which is scaring investors and tourists. Again an analysis of tourism - related activities are an important conceptual and methodological tool for the understanding of social relations and individual and group behaviour. Kinnaird and Hall (1994) see tourism development in any particular place as a two - way process that is dependent upon the social relations present in both host and guest societies. In other words, tourism - related activity is a lens through which we can identify a space of "betweenness", which is necessary in order to build political and intellectual practice that is required. This means that tourism enables people from different origins with different cultures to see themselves as one - being the inhabitants of the universe. With this kind of attitude created, people learn from each other to live harmoniously and their knowledge base expand each time they meet different people.

1.6 OBJECTIVES OF THE STUDY

Seeing that tourist industry information in the province is limited and that the information that can be found, is not organised and is fragmented between the former KwaZulu and the then Natal part of the Province, the study aims at obtaining and analyse information that can contribute to integrated tourism development, and that can also expand the knowledge base on tourism as an economic and development option. For this reason, the main objective of the study will be to:

- a) Investigate the potential of the KZN tourism industry in to contribute to the improvement in the general standard of living (GGP per capita growth)*

- b) *Identify the main theoretical principles (micro/macro) that underlie the economics of tourism, for example, demand and supply conditions, and balance of payments, foreign exchange, tax revenue and employment implications.*
- c) *Special emphasis will be given to the job creation possibilities attached to the tourism industry.*
- d) *Collate and obtain data on the present situation pertaining to the KZN tourism industry.*
- e) *Identify and describe all the major role players involved in the development process of tourism generally and in KZN.*
- f) *Describe the main elements to establish a tourism policy.*
- g) *Determine and evaluate the impact of tourism growth on the economy of KwaZulu-Natal.*

1.7 HYPOTHESES

The hypotheses that would be investigated and analysed in this study are the following:

- (a) *The largest contribution to the GDP in this province can originate from the tourism sector.*
- (b) *Tourism can contribute significantly to the employment and balance of payments position of the province.*
- (c) *Tourism is a means of regional development especially infrastructural development.*
- (d) *The development and establishment of a regional tourism policy (involving all the role players) will contribute significantly towards regional development.*

1.8 METHODOLOGY

The study is based on both primary and secondary sources, and is of a descriptive and statistical nature. A literature study was undertaken of the relevant national and international sources to investigate the principles underlying the role of tourism in the economy. A questionnaire was used to interview stakeholders in the tourism industry in the province (see Appendix A). The questionnaire was used to seek opinions, ideas

and problems from those involved in the industry, and also to find out how they envisage the future of this province with regard to the tourism sector. The chapters will be categorised as follows:

Chapter I, deals with the problem statement and methodology, in which a general analysis of the economic situation of the province is described. Chapter II describes the tourism profile and potential and the institutional structure of tourism in KwaZulu-Natal; Chapter III will address the general principles underlying the economics of tourism. This will be followed by an empirical investigation of the impact of tourism on the KwaZulu-Natal economy in Chapter IV. In Chapter V issues surrounding tourism policy, marketing and planning of tourism activities will be addressed. In Chapter VI a summary of the research findings and recommendations will be given.

CHAPTER II

THE TOURISM PROFILE AND INSTITUTIONAL STRUCTURE IN KWAZULU-NATAL

2.1 INTRODUCTION

This chapter describes the profile of the existing tourist attractions in KwaZulu-Natal and the potential the industry has to contribute to the provincial economy. An understanding of the profile and institutional structure of tourism is an essential prerequisite for managing the tourist industry in a way that would yield the maximum social and private benefits to the province. There are a number of stages that are involved in the process of developing a tourist industry as well as legislation (policy) which guide the participants in the industry. Before an appropriate tourism policy and marketing and development plans could be put in place (as will be discussed in Chapter V), the present tourism profile and institutional structure in KZN should be evaluated because tourism is a multi-dimensional phenomenon, as a result it requires participation of different institutions, with each having its role to play.

2.2 TOURISM POTENTIAL OF KWAZULU-NATAL

It is important to understand the potential of tourism. Tourism can be an engine of growth capable of dynamizing and rejuvenating other sectors of the economy for a number of reasons:

i) Tourism can provide immediate employment

Properly organised and focused, the tourism sector can create many jobs within a short period. For example, if one quarter of the 8 500 tourist accommodation establishments (not to mention restaurants and fast food outlets) in South Africa began to offer live entertainment to guests, at an average of three entertainers per group, thousands of entertainers can be employed within days; and if large resorts opened their doors one day per week to encourage craft providers to market their products to the visitors (on condition that everything sold is

actually made by the entrepreneur, with a working demonstration of the skills) many employment and business opportunities will be created for surrounding local communities. The provision of weekly market days at the resort (at no rental charges) is already done by the Sandals Resorts group in the Caribbean (Department of Environmental Affairs and Tourism, 1996). Visitors view the market as a prime attraction that they look forward to.

ii) *Tourism is labour-intensive*

The tourism industry has the lowest ratio of investment to job creation. This means that more jobs can be created per unit of capital invested and many tourism activities are within the reach of the small operator.

iii) *Tourism employs a multiplicity of skills*

From accountants and hairdressers to tour guides and trackers, the tourism industry draws upon a multiplicity of skills. Moreover, the potential for on-the-job training is enormous.

iv) *The tourism industry creates entrepreneurial opportunities*

The tourism industry accommodates a thriving and dynamic informal sector - from craft and fruit vendors to beach vendors, chair rentals, and others. Apart from the opportunities provided in the informal sector, there are many

Business opportunities such as: entertainment, laundry and transportation services, craft rental; craft and curios tour guides and walking tours of places of interest; teaching of African languages and customs to interested visitors; restaurants emphasising local cuisine; guest houses; beach manicures and pedicures; and much more.

v) *Tourism brings development to rural areas*

Many of the prime tourism attractions are not located in the city centres but in the rural areas. Tourism allows rural peoples to share in the benefits of tourism development, promoting more balanced and sustainable forms of development.

Tourism provides an alternative to urbanisation, permitting people to continue a rural family existence, enfranchising both women and the youth.

vi) *Well-managed tourism is kind to the environment*

Unlike the mining and other smoke stack industries, well-managed tourism can help to save the environment. Many forms of tourism development rely on maintaining and even repairing the landscape and its natural features (lakes, rivers, estuaries and wildlife areas). Wildlife tourism - especially in arid regions of the country - is dependent on the restoration of natural vegetation and soil cover. Many state and private sector projects have spent large amounts on rehabilitating land damaged by commercial farming and other forms of land-use. Tourism which is responsibly practised furthermore allows for the protection of biodiversity on land used for its purpose.

vii) *Tourism builds cross-cultural relations and is a valid force for peace*

Through its inherent message of goodwill, hospitality, trust, service without servility, tolerance, interaction and communication, tourism is a most effective mechanism for fostering national and international cultural exchange and understanding among people. It is therefore an effective nation-builder and a strong incentive and reason for peace.

viii) *Tourism is a final good*

Tourism is not a primary export item (like coal, copper and iron ore) that adds little value. Tourism is a final good. This means that all the final touches (value) have to be added in South Africa - be it a taxi ride from the airport, a basket of fruit or flowers in the hotel room, wildlife viewing, binocular rental, helicopter tour, dive instruction or meal in a restaurant. This means that the value added in final stages of production is created in South Africa.

ix) *Potential to influence visitor tastes and create export markets*

Through tourism, South Africa becomes the supermarket or boutique to which visitors are drawn. Apart from the normal consumption of sun, sand and sea, wildlife, wine and water sports, tourism allows its clients to inspect other goods and services for sale in South Africa. Tourism to South Africa have the opportunity to sample the local fare (for example, wine, beer, food, craft, entertainment). Moreover, they have the leisure time, usually the money as well as the convenience (credit cards) to pay for local goods and services. The potential for South Africa to influence visitor tastes and create permanent export markets is very real.

x) *Tourism demand is continuous*

The consumption of travel takes place over one's lifetime. A holiday taken today does not reduce the demand for the holiday next year, next month or next weekend. This means that the potential market for tourism will continue to grow.

xi) *Tourism has a multiplier effect*

The impact of tourism is greater than the initial expenditure by visitors. In the Caribbean, for example, it is estimated that the sum of direct and indirect local value added generated per dollar of tourist expenditure was around 1.6 times the value of the initial input of visitor spending (KwaZulu-Natal Marketing Initiative, 1996).

xii) *Enormous potential for linkages*

The tourism industry provides enormous potential to create linkages and dynamise other sectors of the economy - agriculture, manufacturing and services. South Africa, more than any other country in the rest of Africa or in the developing world, has the potential to supply almost every need of the tourism industry - from meat and poultry, beverages and wines, to vehicles, machinery,

furniture, cut flowers, jewellery, diamonds and more. Tourism will generate demand and production in other sector of the South African economy.

xiii) *South Africa is already a global leader in ecotourism.*

Various South African companies and conservation agencies are already involved in ecotourism ventures, a factor which could act as a catalyst for further development in this field.

Other features adding to South Africa's appeal as an attractive tourism destination are its rich heritage of cultural diversity, pleasant climate, glimpses of untamed Africa, attractive sunny beaches as well as attractions of neighbouring countries. Knowing that South Africa is made out of nine provinces, it is obvious, that these features are spread throughout provinces at varying degrees. The location of a region is critical in influencing the type and number of tourists that may visit. Relative location is important for two reasons. There may be a problem of access for the potential tourists. Accessibility is important in terms of both money and time. In this regard an important factor influencing tourism in KwaZulu-Natal is the availability of transport facilities for tourists to access their attractions. A person will want to spend as little time and inconvenience as possible in arriving at a destination area. This province also has a relatively well established transportation system with major harbours, international airport and relatively good quality main roads linking the metropolitan areas with tourist facilities. Secondly, KZN enjoys a comparative advantage in terms of natural attractions. These attractions are supported by a well developed accommodation infrastructure.

KwaZulu-Natal is estimated to capture approximately 25 to 30 per cent of the domestic tourists market, accounting for approximately 1,9 to 3,5 million visitors per annum (Korsman and Van Wyk, 1994). Over 72 per cent of the visitors to this province

emanate from the Gauteng province, which is higher than any other region in the country, thus indicating this province's comparative advantage in respect of domestic tourism. By contrast, this province has not historically commanded a large share of the foreign tourist market, as less than 17 per cent of the total number of visitors visiting this province are foreigners (ibid.).

At a spatial and institutional level, the industry was fragmented in KwaZulu-Natal. Spatially, the province was divided into Natal and the self-governing territory of KwaZulu and only became unified in 1994. As a result two separate public authorities have been responsible for the promotion of tourism in the province. KwaZulu had a government department of Economic Affairs and Nature Conservation, whereas in Natal, Satour and the Natal Parks Board has been the main operating institutions. At a sub-regional level, the Joint Services Board fulfilled a tourism function through their Section 11 Tourism Committees. At the local level tourism promotion was done by local publicity associations. The Tourism Association of Natal-KwaZulu was established in 1987 to enhance private sector representation at a provincial tourism authority level and to focus on community tourism.

The government realised the need to activate the tourist industry and has taken steps to ensure a sound foundation upon which the industry should be based, and it is thus important that the impact it will have on the economy is known. It is also important for the government to know the status quo with regard to public knowledge on tourism and its acceptability. For this reason, 15 institutions involved in tourism within the province were identified and surveyed through a questionnaire (see Appendix A), the results of which will be discussed in Chapter IV.

In most instances, there is a symbiotic relationship between tourism and the establishment of protected areas. When this occurs, the tourists potential in the surrounding areas is an important factor in the process. Statistics show that growing

numbers of holiday-seekers want to see something different. They want to travel in relatively comfort and that they want to mix adventure and possibly learning with leisure activities.

Consequently, the most successful tourist package combines a number of different interests such as, wildlife viewing, becoming acquainted with local customs, visiting historical sites, shopping and most of all water activities. The sea, lakes, rivers, swimming pools and waterfalls all have a high value, particularly for domestic tourists (McIntyre, 1993).

Assessing the tourism potential for the province of KwaZulu/Natal, one finds that it does have protected areas, though not close to an international airport, but transport to all the attractions is readily available. Wildlife viewing is guaranteed in most areas. In fact, this province offers several distinctive features of interest and many cultural interests. This province can be said to be unique in its appeal as it has a range of beach recreational facilities and most areas can be categorised as of high beauty. The study conducted by Satour in 1994 confirmed that KwaZulu-Natal has the highest tourism potential as compared to other provinces.

Considering the fact that there are many areas within the province that have been surveyed and found that they can also serve as tourist attractions that can be developed, it is therefore apparent that the potential and the capacity of this province to generate revenue from the tourism sector is incomparable with any other province in the country.

2.3 THE PROFILE OF EXISTING TOURISM ATTRACTIONS

The tourism industry already exists in this province. Presently, there are more than 1446 different attractions. The attractions are spread throughout the province, but

areas with the largest number of tourist attractions are the Drakensberg and the Coastal Stretch from Kosi Bay to Lake Sibayi and Sodwana Bay (Ferrario, 1981).

The natural beauty and the location of this province in terms of different markets and the cultural experiences have been identified as the casual factors for the existing industry. The Hluhluwe area is at present the most important draw-card for international tourists. The rest of the region is also visited by international tourists but to a lesser degree. St Lucia and Sodwana Bay (in the Zululand part) are the two main family destinations for the domestic tourists. The Ulundi and Eshowe areas are known for the extent of educational tourism. The Wetlands of the St. Lucia is also a popular destination from an educational point of view. The Durban area is made popular by beaches and it serve as a pool for tourists since it has most of the facilities needed by the tourists, for example, accommodation. While other areas though have attractions but, they are not properly developed. Because the attractions are so widely spread throughout the province, the province can be categorised into four regions, namely, Thukela, Zululand, Southern Natal and Natal Midlands (see Appendix B for a map indicating all these areas and towns).

2.3.1 Thukela

The Thukela region is an area of contrasting variety whose magnificent landscape has provided a backdrop for the unfolding drama of some of South Africa's most significant history (Dundee Publicity Association, 1995). The spirit of Thukela region is epitomized by the pioneering endeavour of the first European settlers who courageously crossed the forbidding heights of the Drakensberg mountains in their search for a free new homeland. The region has also witnessed the explosive confrontation between European and African cultures as the early settlers encroached on the territories of the Zulu nation. The Thukela region offers an experience that is revitalising and original, an opportunity to escape from the hustle and battle of the mainstream and to relax in the warm embrace

of the delightful freshness of nature while sounded by the evocative ambience of living history. The variety of challenging and scenic hikes, the opportunity of excellent close range game viewing, a wide range of waterspouts, and fresh water fishing are found in this area.

This region has been the site of the greatest and most significant battles which have taken place on South African soil and has a fascinating heritage that extends across more than turbulent years (Dundee Publicity Association, 1995).

The tourist areas in this region can be classified into two categories, namely,

- (i) Battlefields; and*
- (ii) Drakensberg mountains. The information on battlefields and Drakensberg mountains was obtained from the Newcastle Publicity Association.*

(i) Battlefields

The Battlefields area is famous for the unexpected and successful resistance of the Afrikaner action to the advancing threat of Imperial colonization during the Anglo-Boer wars. Some of the attractions found in this area are the following:-

- * Ambleside Military Cemetery - many Colenso battle dead are buried here, particularly those of the Irish regiments.*
- * Clusto - Field of Remembrance - memorials and graves have been moved to this site, which was General Buller's headquarters during the battle of Colenso.*
- * Talana Museum - is situated on a portion of the Talana Battlefield on the slopes of Talana Hill.*
- * Talana Trail - this marked route follows the advance of the British troops up Talana Hill from the museum.*
- * Mouth Museum - this small museum in the Indumeni/Isandlwana Shellhole has an unique collection of military memorabilia dating from the 1879 Anglo - Zulu war to the present.*

- * *Blood River Battlefield - this is the area where the Voortrekkers defeated the Zulus.*
- * *Isandlwana Battlefield - the British defeat at the battle of Isandlwana will live forever in the annals of military history. An entire British column was annihilated here by a force of 25 000 Zulus. Isandlwana is 81 kilometers from Dundee.*
- * *Rorke's Drift Battlefield - possibly the most famous of the battlefields in South Africa. Here 100 men fought a 12 hour battle against overwhelming Zulu odds to stand victorious the following morning.*
- * *New Pharmacy Nature Reserve - a variety of buck and small game may be seen in this reserve.*
- * *Wagendrift Dam and Public Resort Nature Reserve - visitors enjoy fishing, sailing and motor boating.*
- * *Spioenkop Battlefield - surrounded by a range of cemeteries.*
- * *Zulu Fort - this fort was used as a place of refuge against possible Zulu attacks.*
- * *Statute of Gandhi, the Mahatma - this statute was erected in the grounds of the Lord Vishnu Temple and unveiled in October 1970. It was largely to show gratitude to Mohandas Karamchand Gandhi, who was a stretcher bearer with Buller's relief forces during the siege of Ladysmith, and that an Indian Army Corps of 1 110 did ambulance service during the war.*
- * *Hlobane Battlefield - the British forces were defeated by a Zulu impi on Hlobane mountain on 25 March 1879.*
- * *Kambula Battlefield - 25 000 Zulus were driven from British fortifications on the day following the Battle of Hlobane.*
- * *Itala Game Reserve - popular reserve for meetings, and is situated near Louwsburg.*

- * *Weenen Nature Reserve - this area has abundant wildlife, including the black and square lipped rhinoceros.*

The above mentioned attractions are the few among many others. The Thukela region is serviced by a number of towns, namely:-Charlestown, Colenso, Dannhauser, Dundee, Escourt, Glencoe, Ladysmith, Newcastle, Nqutu, Utrecht, Volkrust, Vryheid, Wasbank and Weenen.

(ii) *Drakensberg mountains*

The mythical magic of the Dragon Mountains (Drakensberg) reaches out to embrace every visitor with its unique blend of spectacular scenery and rich history. Visitors to the Drakensberg are welcomed by a wide range of accommodation establishments which include luxurious resorts, inns, lodges, guest houses, caravan parks and camp sites. The major attractions are inter alia the following:-

- * *Bushmen artifacts and paintings - Various caves and dongas in the area contain examples of Bushmen art.*
- * *Spioenkop Reserve - There is a wealth of animal life to be viewed. Giraffe, zebra, rhino and different buck species browse freely.*
- * *Upper Tugela Blockhouse - National monument built by the British in the Anglo-Boer War, and this unique structure is now a Mouth Shellhole.*
- * *The Winterton Museum - These museum houses were opened in May 1993 and has as its main feature the geology, fauna and flora of the Drakensberg. Secondary themes are the history of farming in the area. A chain of nature reserves with camps and resort hotels runs along the escarpment, the South Western boundary of the region, which extends from the Royal Natal National Park in the north to Giants Castle in the south. This is the reason why this area is called the premier mountain resort of South Africa. Activities such as fishing,*

boating, swimming, golf, tennis, bowls and other amusements, both, indoor and outdoor may be enjoyed by visitors. Overall, the Natal Drakensberg has long been famous for the wealth of rock paintings which can still be seen in caves that Bushmen occupied.

There are two towns that serve the northern and central Drakensberg, namely: Bergville and Winterton. The Drakensberg area is very popular to tourists, because there are relatively sufficient number of facilities needed by tourists. Other than Durban, Drakensberg is the most developed area or district in the province, and the attractions in the area are accessible and adequately marketed or promoted. A number of studies have confirmed this including the recent (1994) market survey by Satour.

2.3.2 Zululand

Zululand is situated on the East Coast of Southern Africa and forms the northern portion of KwaZulu-Natal. It is a region of exquisite beauty characterised by incredible diversity. Echoes of the past are a reminder of the history of Zululand which has included the establishment, growth and development of one of the great nations of Africa, the Zulus. Zululand is also a home to an astonishing variety of wild game.

There are many game reserves, parks and farms in the region which are dedicated to conservation and the heritage of wildlife preservation. Activities such as game viewing, hunting, wilderness adventures, canoeing, boardsailing and big game fishing, hiking, visiting museums, monuments and historical sites are some of many options available in the region (St Lucia Tourism Bureau, 1995).

When marketing this region it is said that it is a place where myth and mystery, history and legend are intertwined to become indistinguishable parts of what is a delightful

romantic whole. The Zululand region covers towns like Mkhuze, Mtubatuba, Richards Bay, Gingindlovu, Eshowe, Ulundi, Nongoma, Jozini and Sodwana. The history of the Zulus is the main tourist attraction in this region, followed by the natural beauty found in Maputaland.

Attractions in this region include the following:-

- * Greater St Lucia Wetland Park: This park contain five ecosystems, namely, the marine ecosystem, the Eastern Shores, Lake St Lucia, Mkuze swamps and the Western shores and display a harmony between the magnificent environment and the wealth of plant and animal life residing here.*
- * Charters Creek: It has a tremendous appeal to fisherman, and daily jet boat tours are available for visiting the nearby island and their hippo colonies.*
- * Kosi Bay Nature Reserve: This reserve is the northern most resort on the east coast of South Africa. It is situated on the shores of Lake Nhlange. It is a pristine wilderness area that incorporates the Kosi Bay estuary and lake system.*
- * Hluhluwe: This village can be regarded as the heart of wild game. with many reserves and ranches. Some internationally renowned reserves are situated in this vicinity and their conservation efforts have gained them worldwide recognition.*
- * Maputaland: This area is a transition zone between the tropics and sub - tropical Natal. It contains 21 different ecosystems and wilderness experience.*
- * Hluhluwe - Umfolozi Reserves: The famous Hluhluwe and Umfolozi Game Reserves have recently been combined to form one of the largest game parks in South Africa. Covering 96 000 ha, the park is the home of the world's largest concentration of white rhino. Game is beautiful in the Hluhluwe section with black rhino, white rhino, lion, herds of buffalo and a herd of elephant resident*

in the hilly environments. Kudus, impalas, nyala, hippo, giraffes, leopard and crocodile can also be found.

- * *Dukuduku Forest Reserve: A delightful feature of the Zululand region are the state forests. This forest preserves one of the few remaining stands of tropical coastal forest.*
- * *Phinda: In this region of fascinating diversity, north of Lake St Lucia, lies the 17 000 ha Phinda Resource Reserve.*
- * *Mkuzi: Mkuzi Game Reserve nestles below the Ubombo mountains, with riverine forest and a wilderness of tall tree savana. This reserve comprises*
ectares.
- * *Itala: Itala Game Reserve is about 29 653 hectares. This is a very big reserve with different types of birds and vast numbers of animals. Bushveld trails can be enjoyed and picnic sites are available for day visitors.*
- * *Jozini Dam: This dam is designed to irrigate more than 80 000 ha of agricultural land - supporting products. It draws its water from the Pongola river.*
- * *Sodwana Bay: The stunning beauty of this coastal reserve is known throughout Africa. It is the nearest beach resort to Johannesburg. From here visitors may travel north along the coast to the largest fresh water lake in South Africa namely, Lake Sibayi. Further north, along the coast from Lake Sibayi, is the Maputaland Marine Reserve, which stretches as far north as the Mozambique border.*
- * *The Tembe Elephant Park: This park is found on the road to Ingwavuma. The elephant population is gradually growing and these dignified giants are well worth visiting. Other animals include leopard and white rhino.*
- * *Ndumo Game Reserve: Ndumo is situated on a flood plain and consists of a patchwork of pans. Ndumo Game Reserve also situated on the Mozambique*

border, includes many tropical East African species. There are four guided walks in the reserve - one for game viewing, two for birding and one for trees.

In summary, the Zululand region can be categorised into four sub -regions namely:

(i) Lower Zululand Coastal Belt

Gingindlovu, Mtunzini, Empangeni, Richards Bay and Tugela Mouth.

(ii) Maputaland

Mtubatuba, Hluhluwe, Umfolozi, St Lucia, Mkuze, Sodwana Bay, Jozini and Pongola.

(iii) North Eastern KwaZulu/Natal

Louwsburg, Paulpietersburg and Vryheid

(iv) Zululand Midlands

Ulundi, Babanango, Melmoth and Eshowe.

KwaZulu-Natal has witnessed some of the most violent conflicts fought on the South African soil and Zululand has not been spared its share of the tragedy of war. The relics and memories of Zululand's violent past are evidenced in the numerous battlefield sites, monuments, graveyards and museums scattered across the countryside and in the towns. The rich heritage of heroism provides many interesting historical places which can be visited throughout Zululand.

2.3.3 Southern Natal

The Southern Natal covers areas of Durban and the South Coast. The City of Durban is the centre of the glorious garden province of KwaZulu/Natal in South Africa. Durban and the garden province are said to be unbeatable destinations in terms of price, convenience, infrastructure and value for money. There are many tourists

attractions and amenities, a variety of sport and sporting facilities and what they call, the golden beaches of Africa. On the South coast, the Wild Coast casino provides world class entertainment and facilities (Central South Coast Publicity, 1995).

Most of the real attractions are found here, namely:

* *The Wild Coast casino*

This is the oldest of all casinos in the country, and it is very popular. It is 10 kilometres from Port Edward. Tourists come from all over the country to this area. Local people take daily excursions to the casino.

* *Oribi Gorge*

This is the most attractive nature reserve, with a variety of natural features, for example, big rocks and wild animals. This nature reserve is found in the south of Umzimkhulu river. Tourists come from as far Africa.

* *Umnini Zulu craft village*

This village provides tourists with a variety of craft work. Women in this village earn their living from selling craft work.

* *Crocworld*

As the name suggests, tourists come to this place for crocodiles viewing. Crocodiles found here are unique.

These attractions are mostly used by domestic tourists. The city of Durban by its very nature serve more as the harbour of tourists than a place with tourist attractions.

It provides excellent accommodation which ranges from affordable holiday apartments and cabanas to up - market luxury time - share facilities and a range of hotels from the one star up to five star hotels.

2.3.4 *Natal Midlands*

The historic charm of Pietermaritzburg and the rolling hills of the Natal Midlands offer a wide range of tourist attractions in a compact area inland from Durban. Pietermaritzburg, "the heritage city", is a thriving centre of lovely parks, red - brick buildings and hotels. In the surrounding areas are the imposing Howick Falls and the Midmar Public Resort and Reserve featuring a historic village and open air museum consisting of buildings depicting life in early Natal (Pietermaritzburg Publicity Association, 1995).

A big attraction is the arts and crafts trail which stud the rolling green hills of the pastoral Midlands. Northwards, lie the richly fertile farm lands dotted with stud farms, famous schools, guest houses and country pubs. Delightful country towns of Richmond through Greytown and Weenen, reflect the beauty of the scenery and the fascinating history of settlers, trekkers, wars and rebellions.

2.3 *INSTITUTIONS INVOLVED IN TOURISM*

2.4.1 *Government Sector*

2.4.1.1 *Reasons for government involvement*

There are several reasons why the public sector should be involved in tourism. Firstly, there are political reasons. Tourism by its nature involves travel across national boundaries. Government must get involved in terms of policies relating to the procedures regarding the entry and exit of travellers and nationals. The encouragement of tourism can also be used for political purposes as a means of furthering international relations between two countries/regions or as a means of enhancing the national and international image of a particular destination (Mill, 1992). Secondly, there are environmental reasons for public sector involvement. Tourism "sell" things like scenery, history and cultural heritage of a region. One of the dangers of tourism is that in attempting to make the national

environment more acceptable to a foreign market, the true nature of that environment, physical or cultural, may be permanently damaged or altered (op. cit.).

Thirdly, there are also economic reasons for public sector involvement in tourism. Tourism generates income, creates jobs, help in economic diversification, complements certain other local industries, is an export industry and provides foreign exchange earnings. In order to enhance these economic advantages to the host destination, the government to some extent must get involved. The type and amount of government involvement varies from country to country. The greater the importance that government attaches to tourism, the greater will be the involvement. The conditions existing in the country also affect the type and amount of government involvement (Johnson and Thomas, 1993).

Finally, the level of socio - economic development is another important factor determining the level of government's involvement. The greater the economic development of a region, the less the need for government involvement. Furthermore, the maturity and financial capabilities of the private sector are also important factors. The greater the capabilities of the private sector, the less the need for public sector involvement (Mill, 1992).

2.4.1.2 Public sector roles and functions in tourism

The nature of tourism as an industry and especially tourism development requires extensive planning and co-ordination among different stakeholders, all of which have different roles. In this process the national government has a role to play and Mill (1992) mentioned the following:

(a) Co-ordination of public and private sector groups

Co-ordination is necessary among the many governmental bodies concerned with different aspects of tourism. To be truly effective, tourism within a country or a



province must be co-ordinated so that all regions are moving towards the same goals. For the same reason, co-ordination is necessary between the public and the private sectors as well as between the public sector and non-profit organisations. Many educational and cultural organisations, although they do not have tourism as their major focus, do much to provide resources that attract tourists. According to Mill(1992) the private sector is very much involved in tourism. To avoid duplication of effort, it is vital that goals and strategies be co-ordinated. This responsibility needs to be assigned to one specific agency responsible for tourism.

(b) *Tourism policy - setting and tourism planning*

In lesser developed countries as well as in some developed countries, government is involved in the planning for tourism development. National tourism policies and development plans are drawn up in which the government decides which sectors of tourism will be developed, what the appropriate rate of growth will be and who will provide the needed capital for expansion. The key is to balance the development of supply (for example, transport, attractions, infrastructure, human resources) and the promotion of demand (number and quality of tourists arrivals) concerning tourism.

(c) *Legislation and regulation of tourism*

An important role of government is that of a legislator and regulator. Government legislation can affect the number of paid vacation days during the year and hence the amount of discretionary paid time available for vacations (Mill, 1992). Policies on passports and visas also directly affect tourism. The appropriate policy is determined by the government influence and may also be felt in the regulations necessary to run a tourism business. Businesses may have safety and health regulations to abide by. The need to protect the environment and other resources that attract tourists, may result in restrictions regarding entry to and use of fragile natural resources.

(d) *Stimulation of investment, development and marketing.*

A government can stimulate tourism within a country or locality by among other things

the following :- First, financial and fiscal incentives, such as low-interest loans or non-payment of taxes for a specified period of time, may be offered to induce private - sector investment. Second, the public sector may sponsor research that will benefit an industry in general rather than one company in particular. For instance, research may be conducted on the characteristics of a particular foreign market.

The results can then be made available to those in the private sector who can develop their own plans to attract tourists by spending money on promotion. The effort should be aimed at promoting the entire province and it usually consists of travel promotion aimed at generating tourist demand. In some cases, it also involves investment promotion aimed at inducing capital investment for tourism attractions and facilities.

(e) Education and training of tourism personnel.

Another important role played by many of the world's government agencies is in the provision of education and training centres and programs for those involved in the tourism industry. Some governments are concerned with the establishment of minimum standards or competencies that tourism employees must be able to meet.

(f) Tourism development and operations.

The public sector is generally expected to provide the infrastructure (for example roads, airport facilities and electricity) for tourism development. Some governments are involved through the ownership and operation of certain attractions, facilities and services.

There are many reasons which justify central and provincial government involvement in tourism and which emphasise the need for clear policy objectives and clear link with planning and development policies. One of the main causes of government involvement in tourism is the fact that tourism per se offers opportunities for

infrastructural development to underdeveloped regions/areas. Most of the remote areas in this Province have an enormous tourism potential. To further this end the former KwaZulu government together with some private agencies started developing the Maputaland region as one of the tourists areas. Today, this region (though it is still being developed) is attracting a large number of tourists from other provinces and countries. Therefore, it can be said that policies for managing tourism with regard to regional development tend to be aimed at two directions:

- (1) to influence the capacity of an area to absorb tourists; and*
- (2) to influence and channel demand for tourism to particular areas.*

2.4.1.3 The role of the provincial government

The provincial government has a critically important role to play in the development and promotion of the tourism industry of South Africa. The provincial tourism organisations are key players in the tourism industry. Schedule 6 of the Constitution makes specific provision for tourism to be a provincial responsibility.

The provincial government has responsibility for all of the functions indicated at the national government level (facilitation, co-ordination, regulation, monitoring and development promotion) with a few exceptions, additions and modifications. Provincial tourism organisations will formulate tourism policies which are applicable to their areas, in accordance with the national policy (Department of Environmental Affairs and Tourism). They will also be partners in the implementation of relevant national policies, strategies and objectives.

The provincial government, through provincial tourism organisations, have responsibility for marketing and promoting their destinations. As is the practice in many other countries, provincial government should have responsibility to market the province to the domestic market in competition with other provinces.



Concerning international marketing, the national and provincial tourism organisations should agree on a strong, effective marketing strategy; to be co-ordinated at the national level and executed with the participation and support of the provincial organisations. This may not imply the promotion of separate brand identities by provinces, but possibly a number of strong product lines (for example, ecotourism, culture tourism and sports tourism) which are applicable across provincial boundaries (op. cit.).

This approach is recommended provided that it does not exclude provincial initiatives in markets that they wish to develop independently and where national presence is non-existent.

The following principles underpin the above approach:

- i) develop a common strategy for the international marketing and promotion of South Africa as a joint effort among the private sector, the national organisation and provincial authorities, taking cognisance of international trends and the competitive environment.*
- (ii) fund international marketing efforts from private sector, national and provincial resources*
- (iii) strong co-ordination of the international marketing effort by the national body, underpinned by effective participation by the provinces*

The provincial governments should also play a more prominent role in tourism development activities, than the national government. These include the involvement of local communities, environmental management, safety and security of visitors, tourism plant development and infrastructure provision. Budgets and resources allocated to provinces need to reflect this reality.

The growth of government involvement in tourism parallels the growth in demand for tourism. Initially government intervention in tourism activities was in response to overdemand. (Journal on Developing Tourism, 1983) Now, the regional development aims of creating jobs and generating income in rural areas should be promoted through tourism. It is hoped that tourism activities will ultimately assist in decelerating rural out-migration and provide extra income to improve local infrastructure and living conditions.

One of the major problems inhibiting tourism is the lack of appropriate accommodation, facilities and infrastructure. In less developed rural areas private enterprises are unlikely to take the risk of investing in tourism until there is a sure return. In an attempt to stimulate such economic investment, the provincial government has to invest in infrastructure and contributes towards the provision of tourism facilities.

2.4.1.4 *The role of local government*

At the local government level, specific provincial functions of policy implementation, environmental planning and land-use, product development, marketing and promotion are further supported. According to the Department of Environmental Affairs and Tourism (1996) specific functions of the local government include:

- (i) responsible land-use planning, urban and rural development*
- (ii) control over land-use and land allocation*
- (iii) provision and maintenance of tourist services, sites and attractions, for example, camping and caravan sites, recreational facilities (parks, historical buildings, sports facilities, theatres and museums) and public services*
- (iv) provision of road signs in accordance with nationally established guidelines*
- (v) market and promote specific local attractions and disseminate*

information in this regard

- (vi) control public health and safety*
- (vii) facilitate the participation of local communities in the tourism industry*
- (viii) own and maintain certain plant, for example, ports and airports*
- (ix) provide adequate parking, also for coaches*
- (x) facilitate the establishment of appropriate public transportation services, for example, taxi services*
- (xi) license establishments in accordance with national framework*
- (xii) promote and financially support the establishment of local publicity associations/community tourism and marketing organisations to facilitate, market, co-ordinate and administer tourism initiatives.*

Local government should not provide services that can be provided by the private sector. As noted, the exact role of the local authorities in each province will be determined by local conditions as well as skills and financial resources (Department of Environmental Affairs and Tourism, 1996).

In summary the role of the government is to set tourism policy, draft the necessary legislation, create the basic infrastructure, create institutional frameworks and promote the development of tourism, particularly amongst previously disadvantaged communities. The department of Economic Affairs and Tourism in KZN is tasked with facilitating and co-ordinating of the development of the tourist industry in the province. The community-based tourism programme is an attempt by this department to promote tourism development especially in rural communities, having recognised that the tourism industry can stimulate activity across a broad range of factors.

The Natal Parks Board (NPB) is a government body that promote tourism for the interest of the public at large. While steps are underway to amalgamate NPB and the department of Nature Conservation in KwaZulu-Natal and to

reach a common vision, the NPB goal is presently to conserve the wild life resources of Natal and the ecosystem and processes upon which they depend, and to assist all other public and private groups in ensuring the wise use of the biosphere. In this regard, to conserve means to ensure the survival of indigenous fauna, flora and natural ecosystems, the promotion of public environmental awareness and the provision of nature-oriented outdoor recreation. Wise use signifies that which maintain biological diversity and ensure sustainable utilisation of all resources. Biosphere denotes that part of the earth which sustains living organisms (Hughes, 1994).

2.4.2 Private sector involvement

The private sector includes either independent professionals or those grouped into associations for hoteliers or travel agents, various promotional organisations, editors, private centres for tourism studies, transport companies, agents for publicity and public relations and private museums property developers. All these agents are highly involved in tourism activities in this province. It is the role of the private business sector and organised labour to create an innovative, efficient, competitive and dynamic world class industry (Department of Economic Affairs and Tourism, 1995).

The private sector has and will continue to play a critically important role in the further development and promotion of tourism. The private sector bears the major risks of tourism investment as well as large part of the responsibility for satisfying the visitor. The delivery of quality tourism services and providing the customer with value for money are largely private sector responsibilities. Furthermore, the private sector is in a position to promote the involvement of local communities in tourism ventures by, inter alia, establishing partnership tourism venture with communities. The government is committed to providing a climate conducive to the further growth, development and profitability of the tourism private sector. Specific private sector functions include:

- i) investment in the tourism industry*



- ii) *operate and manage the tourism plant efficiently and profitably*
- iii) *advertise and promote individual tourism services as well as the country-locally, regionally and internationally*
- iv) *continuously upgrade the skills of the workforce by continuously providing training and retraining*
- v) *continuously refurbish plant and equipment*
- vi) *satisfy customer needs by providing quality products and services*
- vii) *develop and promote socially and environmentally responsible tourism*
- viii) *ensure the safety, security and health of visitors in collaboration with the government and other private sector members*
- ix) *collaborate with the government in planning, promoting and marketing tourism*
- x) *involve local communities and previously neglected groups in the tourism industry through establishing partnership ventures with communities, out-sourcing, purchase of goods and services from communities (for example, poultry, herbs, vegetables and the other agricultural suppliers, entertainment and laundry services)*
- xi) *enable communities to benefit from tourism development, for example communities benefiting directly from new reticulation systems and village electrification programmes developed through tourism investment in rural areas*
- xii) *operate according to appropriate standards*
- xiii) *efficiently organise itself to speak with one voice*
- xiv) *represent the interest of private business on the boards of the major national and provincial tourism bodies (Department of Environmental Affairs and Tourism, 1996).*

As a result the following institutions are the key stakeholders in the tourist industry of the Province:

- * *Federation of the Hotel and Restaurant Association of South Africa (FEDHASA)*
The aim of FEDHASA is to have a concentrated voice for the tourism industry, that will enable them to influence promotional agencies to get more tourists to

the province.

* *Association of South African Travel Agents (ASATA)*

This association aims to promote professionalism amongst travel agents in the tourism industry. In pursuance of that it liaises with principals and suppliers in the industry, to ensure that the standard and service levels are maintained.

* *Timeless Africa*

Timeless Africa is a marketing and promotional organization that has representatives from Zululand, Thukela and Natal Midlands Joint Services Board.

* *Durban Unlimited*

Durban Unlimited is also known as the Greater Durban Marketing Authority and was launched in May 1992 (association incorporated under section 21 of the Companies Act.). Its vision is to establish metropolitan Durban as the tourism, convention and sporting capital of Southern Africa. Their mission statement is the economic upliftment of the metropolitan Durban region by focusing on the job creation potential inherent in tourism, conventions, and sporting events. One of its business philosophies is to recognise and accept that Durban has a leadership role within tourism promotion in KwaZulu-Natal, and to lend support to the promotion of the province as a whole. Durban Unlimited is governed by a board of directors drawn from the public and private sectors.

2.4.3 The role of Non-Governmental Organisations (NGO's)

Non-governmental organisations particularly environmental and community-based ones, are expected to play a vital role in the development and spread of responsible tourism practices. They are expected to play the following roles:

- i) *contribute to the development of policies and plans for the tourism industry*
- ii) *assist the government in developing a standard for responsible tourism*
- iii) *assist the government, private sector and communities in implementing, monitoring and evaluating responsible tourism*
- iv) *attract funding from donor agencies to develop specific community-based tourism projects*
- v) *assist the communities and community groups in organising themselves, preparing themselves for tourism and implementing tourism projects*
- vi) *assist government in conducting tourism and environmental awareness programmes among communities and the tourism industry at large*
- vii) *liaise between the private sector and communities to generate more community involvement in the tourism sector and stronger private sector commitment*
- viii) *deliver education, training and bridging courses to local communities*

The main non-governmental organisations are the following:

* *Tourism Association of Natal-KwaZulu (TANK)*

The goal or mission that TANK wishes to achieve is to make tourism the single most important economic activity in the province by utilising and capitalising on the entrepreneurial skills of role players, with particular emphasis on the inclusive involvement and empowerment of all the people of the region, through the development of an appropriate and exploitable tourism infrastructure and the promotion of KwaZulu-Natal as the country's most desirable destination. TANK members are from different private associations involved in the travel business; from government, and from community-based organisations.

* *Rural Foundation*

Rural Foundation is a capacity building organisation. Its involvement is

through designing and conducting courses for communities involved in tourism.

* *Kagiso Trust*

Kagiso is a funding organisation, it provides funding for most development committees, including tourism development committees. These grants are provided in small amounts for activities like capacity building and gardening projects.

* *Operation Jumpstart*

Operation Jumpstart is also a funding organisation, it differs from Kagiso Trust in that it provides funding for the full development of a tourism project, that is bigger amounts of money. Once the project is funded, Operation Jumpstart only monitors whether the development phases and operations are appropriate and according to what is stated in the business plan.

2.4.4 The role of labour

Labour has a critically important role to play in improving the quality, productivity and competitiveness of the tourism industry (Department of Environmental Affairs and Tourism, 1996). While it is often believed that the key to quality is the physical features of the tourism product, it is actually the quality of the experience delivered by the labour force that determine the true quality of the tourism experience. At the same time, labour is often taken for granted. Rooms and equipment, walls and furniture are regularly upgraded but the skills of employees are rarely refurbished. In particular many front line employees - the first and often the most frequent point of contact for visitors - are often not adequately trained or prepared for the job at hand. In the tourism industry, as indeed in other industries, labour is far more than just a production cost - labour holds the key to quality (op. cit.).

Labour should play a number of vital roles in the tourism industry including:

- i) *provide services in a responsible manner*
- ii) *continuously upgrade skills and take advantage of all available training opportunity provided by the industry*
- iii) *deliver quality services to the tourism industry*
- iv) *negotiate for reasonable wage, working hours, working conditions(including transportation), job security and remuneration based on qualifications, experience and merits, and in general ensure working conditions that are amenable to improve productivity*
- v) *ensure equitable pay and working conditions as well as special conditions for female employees*
- vi) *support the growth of the industry and the creation of more job opportunities in the process*
- vii) *in partnership with the business sector , be flexible and responsive to the changing needs of the customer*
- viii) *participate fully in the tourism industry, not only in the supply of labour but also as tourists and shareholders in their own country*

2.4.5 The role of communities

Communities are also expected to play a vital role in the development of tourism. Many communities and previously neglected groups, particularly those in rural areas, that have not actively participated in the tourism industry possess significant tourism resources. According to the Department of Environmental Affairs and Tourism the role of communities in the new tourism thrust is as follows:

- i) *organise themselves at all levels (national and local) to play a more effective role in the tourism industry and interact with government and role players at all levels*
- ii) *identify potential tourism resources and attractions within their communities*
- iii) *exploit opportunities for tourism training and awareness, finance and incentives*



for tourism development

- vi) seek partnership opportunities with the established tourism private sector*
- v) participate in all aspects of tourism, including being tourists*
- vi) support and promote responsible tourism and sustainable development*
- vii) oppose developments that are harmful to the local environment and culture of the community*
- viii) participate in decision-making with respect to major tourism development, planned or proposed for the area*
- ix) work toward enhancing the positive benefits of tourism and minimise the negative impacts*
- x) organise themselves to maximise the sharing of information and experiences, possibly facilitated through financial assistance by local governments*
- xi) have a representative voice in all tourism structures at national, provincial and local levels*
- xii) encourage the press, particularly the radio and the print media to proactively provide tourism information and awareness to communities*
- xiii) work closely with Non-Governmental Organisations to educate communities concerning tourism and engender tourism awareness*
- xiv) make information on community tourism resources and attitudes transparent and accessible to all levels of national, provincial and local governments*
- xv) sensitise the private sector, tourism parastatals, environmental agencies and Non-Governmental Organisations to the importance of communities involvement in tourism development*
- xvi) actively participate in and promote responsible tourism.*

Community- Based Organisations (CBOs) involved in tourism are the following:

The KwaZulu-Natal government through the department of Economic Affairs and Tourism has initiated a community-based tourism programme (CBTP). This is done through the consultation process where government officials communicate to traditional

leaders and their communities the goals of the tourism policy. In each area where a tourism potential is identified, tourism committees are formed. Tourism committees are trained on the risks and benefits of the tourism industry with an aim of linking it to entrepreneurship.

The main aim of the government in this process is to generate interest in the tribe and to allow them to suggest on the basis of their resources what can be done in their areas. As a result there are a number of community-based forums especially in rural areas where the process has started.

The function of the CBOs is to negotiate with private developers and to participate in the process of developing the tourism industry by giving inputs in their small projects, so that eventually skills are transferred from developers to them and that they become owners of the schemes being members of the local communities.

2.4.6 The role of the media

Again the Department of Environmental Affairs and Tourism (1996) highlights the areas of participation and involvement by the local media in developing tourism as follows:

- i) tourism awareness programmes to the population at large*
- ii) press coverage and special campaigns to promote responsible tourism initiatives*
- iii) promotion of domestic tourism through familiarisation trips and press reports on different destinations*
- iv) co-operate with provincial tourism organisations in marketing their provinces to the domestic market*
- v) provide an important link to the national public relations efforts in overseas markets.*

2.5 THE RELATIONS BETWEEN THE PUBLIC AND THE PRIVATE SECTOR

The development and promotion of tourism depend to a larger degree on the scope and nature of the relationship between the public and private sector. In this regard many aspects frequently and continuously are relevant such as, the favourable prices both at the destination and the rate of exchange; of the beauty of the beaches and scenery; the climate; artistic and cultural attributes; the quality of the accommodation and the standard of the basic infrastructure; the personal safety factor; the sanitary conditions; the organisation of tours and the availability of places for both, international transport facilities and local accommodation, the style and efficiency of publicity and the distance from countries sending tourists, (Gratton & Taylor, 1988). This relationship is essential.

It is extremely important that harmony should exist between these sectors. The efforts made by the public sector will be in vain if they are not echoed in private initiative and the enthusiasm of the private sector will result in impotence if the government is indifferent to the problems of tourism.

The actions of one or the other sector may in turn prove inefficient unless proper co-ordination exists. The KwaZulu-Natal government realised this need, hence, the implementation of a community based tourism programme, where private developers are introduced to local communities for them to work together. A large association was established to co-ordinate tourism activities, namely, the Tourism Association of Natal-KwaZulu (TANK). TANK has representatives from all sectors: government, non-governmental organisations, community-based organisation, private sector and labour organisations.

The question that comes to mind is what are the objectives by which the public - private sector relationship in tourism may best express itself ? Gratton & Taylor (1988) identified the following issues that should form the basis of the relationship:

- * The creation of a basic infrastructure : ports, roads, accommodation, restaurants.*
- * The development of complimentary infrastructure : sports facilities, country*

parks, conference centres, museums and preparation of beaches.

- * *The establishment of fundamental services ; education (schools of tourism), travel organisation (agents and tour operators), information (tourist offices).*
- * *The promotion and execution of various activities: fairs, exhibitions, congresses, competitions, seminars and advertising.*

The ways in which the public - private sector relationship evolve are as follows:

- * *Assisting and co-operating with each sector on technical, organisational and economic matters.*
- * *Supplementing the other sector by carrying out public works.*
The procedures by which the public sector may become involved with private enterprise are, amongst others, the following :
- * *Carrying out public works in support of private projects such as roads, improving beaches, clearing building plots, providing water and drainage, electrical and gas supplies.*
- * *Financing private development: accommodation, restaurants; golf courses, hunting or fishing reserves, congress palaces, with an aim to pull out once these facilities are fully developed.*
- * *Granting exemption from or reducing taxes, and providing customs facilities.*
- * *Legislation for : hotel classification and registration of companies*
- * *Providing technical advice on : hotel planning and market research compilation of statistics (Journal on Developing Tourism, 1983).*

2.6 SUMMARY

The White Paper on Tourism Development Policy (1992) describes South Africa's tourism products as follows; "South Africa has some of the world's most beautiful unspoiled scenic attractions and an impressive wildlife heritage, which is a unique asset as well as the major drawcard of foreign tourists. This is a distinct advantage for South Africa as many people in the developed countries are becoming increasingly interested

in destinations which take them out of their congested home environments into unspoiled natural surroundings in comfort". This description shows that the country as a whole has a tourism potential.

Having described the potential and profile of the tourism industry in the province, it will be necessary to review in detail the economics of tourism to reinforce the importance of the role of each stakeholder as has been discussed above. It will also be necessary to project what the situation will be in the future (as will be shown in Chapter IV). All policy analysis and planning problems in tourism require forecasts of future conditions. Estimates of future levels of demand for different commodities, travel volumes, market share of various destinations and many other economic and social variables are vital to managing and planning tourism development. In fact, forecasting can provide an assessment of the possible outcomes of alternative courses of action and strategies. In Chapters III and IV the economics of tourism and the economic analysis of the tourism industry in KwaZulu-Natal will be undertaken.

CHAPTER III

THE ECONOMICS OF TOURISM

3.1 INTRODUCTION

The role of tourism services in South Africa has recently become a policy issue (Satour, 1994). Most countries have already liberalised service trade which has been omitted from GATT (or WTO) rules. The new interest in services in South Africa could be explained by the hope that mainly labour - intensive service activities could help to overcome the unemployment problem.

This chapter examines tourism in the light of the underlying economic theories and principles. Firstly, to be able to determine the contribution of the tourism sector to the economic growth and development of the region, a thorough analysis of the relevant economic theories and principles should be done. Thus, this chapter deals with the following concepts : tourism as a service industry in the economy; characteristics of services; the role and functions of a service industry in the economy; the externalities associated with tourism; and micro - and macro-economic considerations. This is important because the tourism industry in the economy can be generally explained following macroeconomic principles, as it has significant influence on development, growth, price levels, external balances and employment. On the other hand, tourists preferences for tourists products can be analysed through the use of microeconomic theory, for example, basic demand and supply analysis.

3.2 DEFINITIONS AND CHARACTERISTICS OF A SERVICE INDUSTRY

3.2.1 Definitions

Although there are many definitions of services, they all seem to point to one thing, that is, services are economic activities that provide time, place and form utility (meaning that the recipient derives satisfaction from utilising them) while bringing about a change

in or for the recipient of the service. (Chuo, 1992)

Ochel and Wegner (1987) defines a service industry as "all those firms and employers whose major final output is some intangible or non - stockable activity or alternatively, that residual set of production in the formal economy that is not a physical good."

Chuo (1992) defines a service as any activity or benefit that one party can offer to another that is essentially intangible and does not result in ownership of anything; its production may or may not be tied to a physical product.

A similar definition quoted by Chuo (1992) says : "services are those separately identifiable, essentially intangible activities which provide want satisfaction and that are not necessarily tied to the sale of a product or another service. However, when its use is required, there is no transfer of title."

These definitions make it clear that things like entertainment are included, but things like delivery which exist only when there is a sale of a product are excluded.

3.2.2 Characteristics of services

A number of features can be identified to distinguish between goods and services. Among those features are the following:

(a) Intangibility

Services are essentially intangible and it is often not possible to taste, feel, see, hear or smell services before they are purchased (Chuo,1992). Purchasing a service for the second or third time usually rely upon previous experience. The customer or the client may be given something tangible to represent the service, but ultimately the purchase of a service is the purchase of something intangible.

(b) Perishability

Services are perishable and cannot be stored. Spare seats on a package tour, an unvisited tourist attraction or an empty hotel room represent capacity lost

forever. On top of that, some services have a very fluctuating demand (for example, holiday) In such cases, important decisions have to be taken to cope with surges in demand before service levels suffer. Attention has also to be given in times of low level of usage on whether spare capacity will lie idle or whether short - term policies can be adopted to leverage fluctuations in demand.

(c) Heterogeneity

It is difficult to achieve standardisation of output in services. Service producers may attempt to ensure a standard of conformity, but ultimately it is difficult to ensure the same level of output in terms of quality. From the viewpoint of customers it is also difficult to judge quality in advance of purchase.

(d) Ownership

The basic difference between a service industry and a product industry is the lack of ownership, because a customer / client may only have access to or use of a facility (for example, visit a resort, occupy a hotel room). Payment is only for the use of, access to, or hire of items. Whilst with a tangible good, the buyer after paying for it, obtains ownership of the good.

3.3 TOURISM AS A SERVICE INDUSTRY IN THE ECONOMY

Tourism as a service industry is fast becoming one of the major industries in the world. South Africa is no exception with its natural beauty found in most of its regions, especially KwaZulu - Natal and Western Cape. Why is tourism regarded as a service industry? Tourism demonstrates all the qualities of a service industry. This is shown by the nature of its constituents service trades, which are separate industries in their own right.

To put the tourism industry's development in perspective the traditional three - sector model of development present a theory of the development process in stages. In the early phase primary (agricultural and mining) activities dominate the economy in

terms of their share of output and employment, followed by a more and more important role for the secondary (industrial) sector at a later stage. Finally, tertiary (services) activities (including the tourism industry) should become the largest sector in the economy (Ochel and Wegner, 1987). Attempts have been made to explain the secular shift of employment towards the tertiary sector by combining two elements : the relative increase in demand for services with growing per capita income of private households (Engel's Law), and the trend of service productivity to rise more slowly than other parts of the economy (productivity gap).

A fourth (quaternary) stage was then added to the traditional three - stage model and linked to the growth of the information sector, comprising information producers, information processors and distributors. The information economy theories emphasize the new computer and information technologies both as the dominant source for structural change and the driving force for the rapid creation of information jobs in all sectors. Ochel and Wegner (1987) also mentioned that information service activities and occupations have grown in all sectors, but they are situated mainly within the service sector. The new information technologies are more than a supplementary sector; they are transforming the quality and nature of services as well as the mode of production. In fact service industries complement other industries (manufacturing, agriculture) thereby making an impact on the economy.

Like any other industry in the economy, the tourism industry can be economically viewed from the outputs (services) it delivers and from the inputs it needs to perform the production of tourist products or services. Before any country or region within a country can attract tourists on a large scale, certain important inputs (facilities and services) must exist and / or provided for tourists to cater for their needs from their time of arrival to their departure (op. cit.). The organisations or businesses that provide these facilities make up a tourism industry. The most important services sectors or branches that directly relate to the tourism industry are the following:

(a) Travel and transport services

To get out of their countries and away from their homes, people need transport



to enable them to travel to their destination. Without travel and transport services, there could be no tourism. Also during visits tourists need the services of transport, taxis and buses, car rentals or travel agencies/operators, passport services, tour guides, et cetera.

(b) Catering and accommodation services

Tourists away from their homes need places to stay and they need to be fed. Shops, restaurants, hotels, resorts, caravan sites and camps, et cetera, provide tourists with catering and accommodation services.

(c) Leisure and Business facilities

Leisure (for example, trips to game parks) and business needs (attending conferences / seminars) are the two main reasons that lead to tourist activity. Businesses and organisations that provide leisure, recreation and business facilities (for example, postal services and financial services) make up the third branch of the tourism industry.

(d) Marketing and promotional services

The existence of any tourist attraction is of no value if it is not known to the potential users. Their existence need to be promoted through well planned marketing strategies and by professional agencies, for example, publicity associations (public and private institutions).

For these service sectors to exist or to be developed in an area or a region, basic infrastructure is required. These infrastructural facilities can be regarded as inputs necessary for the development of the output of the tourism industry. These inputs are inter alia the following:

- *tourist attractions*
- *water, that is, the region must have access to sufficient amount of drinkable water.*

- *roads and travel facilities for tourists to travel, which means that all the attractions must be accessible. It is of no use to have a beautiful attraction which cannot be visited because it is inaccessible.*
- *electricity, without electricity there could be no or very little tourism activities taking place.*
- *labour, it has been said that the tourism industry is a labour - intensive industry, therefore it is the most important input.*
- *other services, for example, financial, accommodation and catering services.*

Hence, Howell (1983) defines tourism as both an industry and a response to a social need because its product includes all the elements that combine to form the tourism consumer's experiences and exist to service their needs and expectations. On the other hand, Rogers and Slinn (1993) defined tourism as denoting the temporary short term movement of people to destinations outside the places where they normally live and work and their activities during their stay at these destinations.

Because tourism industry is defined as a heterogeneous group of enterprises, Singh and Kaur (1982) grouped tourist related enterprises into different sectors (branches of economic activity). These sectors are:

- *Energy*
- *Basic metals*
- *Manufacturing of electrical machines, apparatus, appliances, etc*
- *Manufacture of chemicals and chemical products*
- *Manufacture of wood*
- *Manufacture of textiles, leather and rubber products*
- *Food manufacturing industries and tobacco*
- *Agriculture*
- *Forestry*
- *Construction*

- *Transport and communication*
- *Trade and catering*
- *Miscellaneous manufacturing industries*
- *Services rendering arts and crafts*
- *Others*

All these sectors are directly and indirectly linked to the tourism industry. This grouping of different enterprises and sectors confirms the fact that there are extensive linkages between tourism as an economic sector and other economic sectors. This also shows the linkages that exist between tourism industry as a tertiary industry and both the primary and secondary industries.

At the same time the multiplier effect of the tourism industry is also important, in the sense that the increase in tourism production, results in an increase in the activities of all these other sectors.

Tourism is also more than a service industry because the products of tourism consist of natural beauty, dramatic landscapes, cultural heritage, commercial hospitality, et cetera. According to Singh and Kaur (1982) tourism can be broken down into three elements:

- (a) *Human element (tourist needs and desires)*
- (b) *Physical element (geographical aspects and accessibility)*
- (c) *Time element (trip duration and stay)*

They also classify tourism products (goods and services demanded and consumed by tourists while away from their homes) into two categories:-

(a). *Tourism Oriented Products (TOPs)*

This group encompasses all of the economic activities which are directly related to the tourism industry. Its those goods and services produced primarily for consumption by tourists, generally with a direct

economic return envisaged in their production. Those goods and services are grouped as follows:-

- (i) Accommodation*
- (ii) Transportation*
- (iii) Travel agencies*
- (iv) Recreation and entertainment*
- (v) Food services*
- (vi) Other travel trade services.*

(b) Resident Oriented Products (ROPs)

These products are produced primarily for use by the residents of a tourism destination. Yet, they are also consumed by tourists. These are all the economic activities and functions of government and non-governmental organisations, for example, police force, hospitals, bookshops, et cetera.

3.4 MICROECONOMIC PERSPECTIVE OF TOURISM

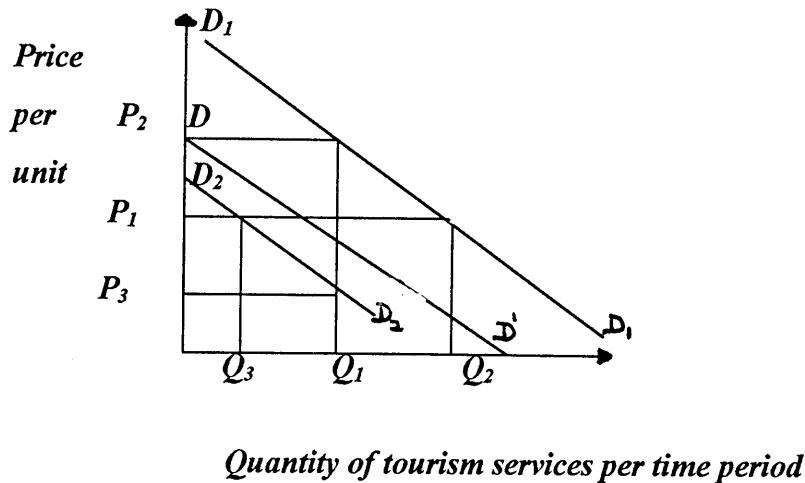
The operations of the tourist market is governed by the same principles (market forces) as any other market. Prices are determined by the interaction of the demand and supply forces. Any factor(s) that affects the demand and/or supply of tourist products leads to a disequilibrium position (where the demand is not equal to the supply). All these shifts and the extent of market outcomes are dependent on the elasticities of demand and supply of tourist products (Johnson and Thomas, 1993).

3.4.1 The nature of the market demand for tourism products

3.4.1.1 Definition of demand

The traditional definition of demand is that of the neoclassical economics: demand is the schedule of quantities of some goods or services that will be consumed at various specified prices (Smith, 1989). Higher consumption is usually associated with lower prices and lower consumption with higher prices. The demand is illustrated diagrammatically in Figure 3.1 (see also Table 3.1).

Figure 3.1: Tourism market demand



The downward sloping line, DD' , reflects the inverse relationship between price and consumption. Consumption in the context of tourism, refers to the purchase and price of some good or service such as a hotel room, participation in some activity, such as a pleasure drive in a private automobile, or attendance of an attraction, such as visiting a historical site.

Another dimension of demand is that of unmet demand, usually referred to as latent demand. Latent demand is a measure of the difference between the potential level of consumption and the observed level (Smith, 1989). The difference may be due to shortage of supply, excessively high prices, or other barriers. Latent demand should be of special interest to tourism planners because it represents the potential for market expansion. Demand can also be used to refer directly to a forecast of future consumption. According to Nobbs (1981) demand in the sense of future participation is seen as a function of many variables, not just price, such as, what will be the level of income, the age of potential consumers of tourist products and environmental factors. It also refers to the anticipated mix and values of those variables that affect demand.

For the purpose of this study, it can be useful to use the definition of demand for tourism by Johnson and Thomas (1992). According to them, demand for tourism comprises of three basic elements:

- (a) Effective demand which is the actual demand of participants in tourism,



that is, those who are actually travelling.

- (b) *Suppressed demand is made up of that section of the population who do not travel for some reason. There are two elements of suppressed demand: potential demand which refers to those who will travel at some future date if they experience a change in circumstances. For example, their purchasing power may increase and therefore have the potential to move into the effective demand category. Deferred demand is the demand postponed because of a problem in the supply environment, such as a lack of capacity in accommodation, adverse weather conditions or perhaps terrorism activity. Again this implies that at some future date when the supply conditions are more favourable those in the deferred demand category will convert to effective demand.*
- (c) *Finally, there will always be those who simply do not wish to travel, constituting a category of no demand.*

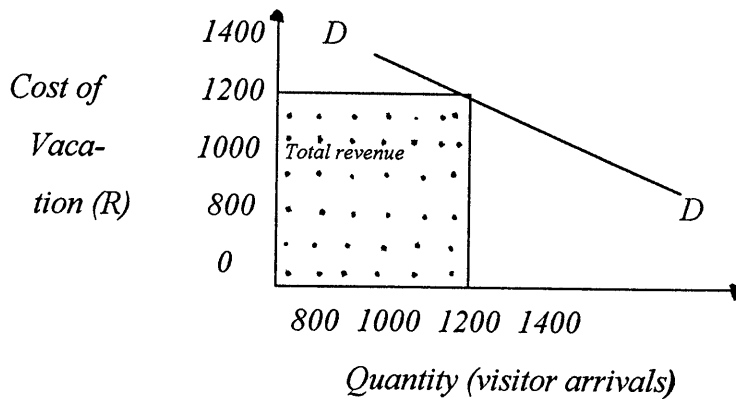
The relationship between the amount of tourism goods and services purchased and prices can be shown using the concept of the demand schedule. Table 3.1 shows a hypothetical demand schedule for travel to a destination area.

TABLE 3.1: TOURISM DEMAND SCHEDULE

<i>COST OF VACATION (RANDS)</i>	<i>QUANTITY DEMANDED (ARRIVALS)</i>
<i>R 800</i>	<i>160 000</i>
<i>R 1 000</i>	<i>140 000</i>
<i>R 1 200</i>	<i>120 000</i>
<i>R 1 400</i>	<i>100 000</i>
<i>R 1 600</i>	<i>80 000</i>

Translated into a demand curve it can be presented diagrammatically as Figure 3.2.

Figure 3.2: Tourism market demand curve and total revenue



3.4.1.2 Total revenue (gross)

Total revenue is the product of the price and the quantity sold at that price. For instance in the above table, when the demand is 1 200 visitors and the cost of vacation is R1 200, the total revenue will be R 1,44 million for the tourism industry.

3.4.1.3 Demand shifters

The variables shown implicit in the demand as determining future consumption are known as demand shifters (Smith, 1989). These include consumer characteristics such as age, previous experience with similar products and tastes as well as the effects of promotional efforts, product innovation and new technology. For example, in Figure 3.1 above, consider the demand for rooms at a given hotel. This demand would be represented by DD' . If the hotel adds a new recreational complex, shuttle services to a nearby airport, or expand its conference facilities, the demand is likely to grow. This would be represented by a rightward shift to D_1D_1 . Consumers at this point are willing to pay more (P_2), for the same level of consumption or they are willing to consume more, (Q_2), if the price remains at P_1 .

If the hotel begins to deteriorate through poorer maintenance, a lessened quality of service, or unfavourable publicity about hotel problems, the demand can be expected to drop. This would be represented by a shift from DD' to D_2D_2 . Consumers will only purchase the original number of rooms if the price drops to P_3 . If the price does not change, total consumption will fall to Q_3 .

The main factors or variables that influence the demand for tourist services are exogenous, (that is, factors not directly related to tourism but which influence the extent and form of demand for tourist activity) and they include the following:

(a) *Real income growth, income distribution, family size and structure*

It is generally accepted that expenditures on services tend to rise as per capita income increases. This could also be taken from the fact that the income elasticity of demand is greater than one, which means that the demand for real services per capita grow more than a proportional growth in income. (Inman, 1985) One explanation is that private households tend to spend more on services when their incomes rise because of the idea that services, like tourism, satisfy luxury wants.

Income distribution may play a role in the allocation of income among services and goods. Consumption patterns for various income groups usually differ (op. cit.). Relatively more would be spent by higher income groups on services obtained from restaurants, excursions, trips and beauty. Private demand for services is higher in countries with relatively large income differentials and low taxation and lower in countries with small income differences and high taxation as mentioned above. The high income group has enough to spend on services, on the other hand, the low income group would like to prove that they are wealthy by spending more on services, like those in high income brackets. For example, in RSA with huge income differentials the demand for services takes a larger share of consumer's income (Ochel and Wegner, 1987). The decline in household size and the increase in one - person households could strengthen the demand for services outside the household.

(b) *Increase in leisure time*

Worldwide trends show an increase in leisure time, and thus, a decrease in labour market time, partly because holidays are being paid for by employers, and also because as people's income increases, they prefer leisure to work.

This, then, implies that people use some of the leisure time to become tourists to different tourists destinations of their choice.

(c) *Changes in lifestyles, demographics, age, female participation, and urbanisation rates.*

Changes in lifestyles and the environment, influence the demand and quality of services desired positively as well as negatively. Changes in the demographic structure and social pattern of the population mean that, regardless of other factors, more people will have the time, inclination and income to travel. The ageing of the population has a positive effect on tourism services demand, since most countries experience an increase in the life expectancy rate coupled with a large number of people of over 65 years who are willing and able to take holidays. This is amongst others, due to the fact that retirees are relatively and increasingly well off, reaping the benefits of inflation - protected state and corporate retirement schemes (WTO, 1994).

The growing female participation in the work force and the large increases in female part - time workers increase the demand for services. Personal identity needs, rising real incomes and more leisure time make it possible to spend relatively less on basic needs and more on services which develop human potential, personal skills and pleasure. The degree of urbanisation, also influences demand in that tourism is taken as something for only those in urban areas because they usually have access to tourist areas in terms of affordability, transport and time. Therefore as more people get urbanised, the demand for tourists products and services increases.

3.4.1.4 *Indicators of demand*

Johnson and Thomas (1992) ascertain that the most useful indicator of effective demand in any particular population is travel propensity. This measure considers the penetration rate of tourism trips in a population. There are two forms of travel propensity:

- (a) *Net travel propensity which refers to the percentage of the population who take at least one tourism trip in a given period of time. In other words, it is a measure of the penetration of travel among individuals in the population. The suppressed and the no demand components ensure that net travel propensity never approaches 100 per cent.*
- (b) *Gross travel propensity rate measures the total number of tourism trips taken expressed as a percentage of the population. This is a measure of the penetration of trips, not individual travellers. Dividing gross travel propensity by net travel propensity, gives travel frequency, that is, the average number of trips taken by those participating in tourism during the period in question.*

The following hypothetical example can be used: given a population of 20 million inhabitants, 10.1 million inhabitants take at least one trip, and the total number of trips equal to 14,0 million, the calculation of these measures will be :

$$\text{Net travel propensity} = 10.1/20 \times 100 = 50.5\%$$

$$\text{Gross travel propensity} = 14.0/20 \times 100 = 70\%$$

$$\text{Travel frequency} = 70\%/50.5\% = 1.39$$

3.4.1.5 Price elasticities of demand

Demand price elasticity indicates the degree to which consumption changes given a change in the price of the commodity (Smith, 1989). A steep demand line indicates that a large change in price has a relatively little effect on consumption, a flatter line reflects large changes in consumption associated with modest changes in price. A commodity with unitary elasticity is the one whose consumption changes at the same rate as the price. The price elasticity of demand (ϵ_p) is usually computed using the following method:

ϵ_p = percentage change in quantity demanded divided by the percentage change in price (Smith, 1989). Referring to the demand schedule in Table 3.1, the price elasticity of

demand can be calculated at various price levels.

For instance, we can compute the point elasticity of demand as follows (if the changes are very small):

$$\epsilon_p = \frac{(Q_1 - Q_0) / Q_0}{(P_1 - P_0) / P_0}$$

where the subscripts 1 and 0 refer to new and initial prices and quantities respectively.

For example, applying the values of demand from Table 3.1, we can calculate the price elasticity of demand for a change in price from R1 000 to R 800 as follows:

$$\begin{aligned} \epsilon_p &= \frac{160\,000 - 140\,000 / 140\,000}{R\,800 - R\,1\,000 / R\,1\,000} \\ &= -0,715 \end{aligned}$$

This means that if the price were to increase by 10 percent, the quantity demanded would decrease by 7,15 percent (10% x -0,715). If the changes in prices are large, the following formula for the calculation of the elasticity of demand can be used:

$$\epsilon_p = \frac{Q_1 - Q_0 / (Q_1 + Q_2) / 2}{P_1 - P_0 / (P_1 + P_2) / 2}$$

Therefore, $\epsilon_p = -0,60$

Tourism demand is very elastic, partly, because it is determined by the availability of leisure time, income and also because it is to a larger extent seasonal.

3.4.2 The supply of tourism products.

3.4.2.1 The nature of market supply

3.4.2.1.1 Definition of supply

Supply refers to the amount of goods or services that producers plan to sell in a given period of time (Parkin, 1990).

3.4.2.1.2 Supply determinants

The amount of any product that firms plan to sell/supply depends on many factors, such as :

- * price of the product*
- * price of other products*
- * prices of resources used to produce the product*
- * number of suppliers*
- * the level of technology.*

The law of supply states that other things being equal, the higher the price of a good, the greater is the quantity supplied. If the prices of the resources used to produce a product are held constant, a higher price for the product means a higher profit for the producer. Higher profits encourage existing producers to increase the quantity they supply. Higher profits also attracts additional producers (Parkin, 1990).

In order to understand the supply of tourism products, consideration has to be given to the differing environmental, social, and economic conditions around the world within which tourism destinations are located (Smith and Eadington, 1992). Tourism supply represents an amalgam of attractions and support facilities which demonstrate a number of common features (op. cit.). The tourism supply is usually thought of as a destination which is the focus of facilities and services designed to meet the needs of the tourists. Tourism supply is the result of all those productive activities that involve the provision of the goods and services required to meet tourism demand and which are expressed in tourism consumption (Shaw and Williams, 1991). In fact, this is the tourism production system. It includes tourism resources, infrastructure, receptive facilities, entertainment and sport facilities (op.cit.). Most destinations according to Smith and Eadington (1992) comprise a core of the following components:

Attractions;

Access;

Amenities; and

Ancillary services.

Tourism supply can also be explained using the concept of carrying capacity. The carrying capacity of a site, resort, or a region according to Ghali (1977), refers to its ability to accommodate tourism use without deterioration.

Nobbs (1981) distinguish between different types of carrying capacities that in total determine the extent of tourism that can be supplied, namely:

(a) Physical capacity

This refers to the amount of suitable land available for facilities and also includes the finite capacity (short - run) of the facilities (such as car-parking spaces and bed spaces in accommodation).

(b) Psychological capacity

The psychological (or perceptual) capacity of a site is exceeded when a visitor's experience (or utility) is significantly impaired. Some people are "crowd tolerant" and enjoy busy places, while others shun them. Psychological capacity is therefore a very individual concept and difficult to influence by management and planning.

(c) Biological capacity

The biological capacity of a site is exceeded when environmental damage or disturbance is unacceptable. This can relate to both flora and fauna. For this type it is important to consider the total ecosystem - the effects on the ecology, hence, presently emphasis is being placed on ecotourism.

(d) Social capacity

The concept of social carrying capacity is derived from ideas of community-based tourism planning and sustainability. It attempts to define levels of development which are acceptable to the host community, residents, businesses and tourists.

3.4.2.1.3 *The supply schedule*

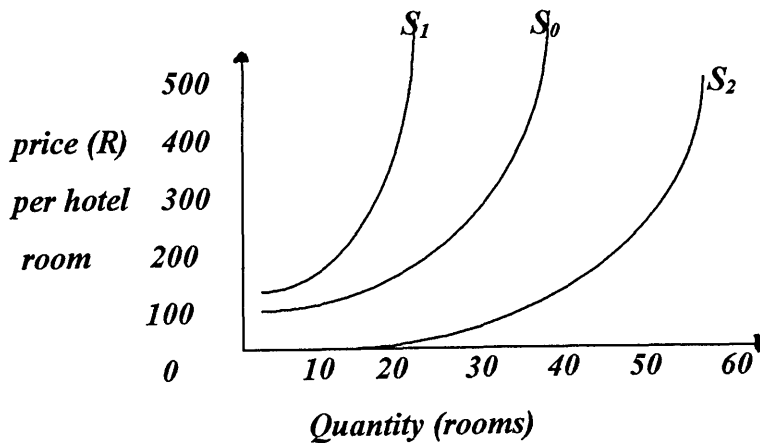
A supply schedule lists the quantities supplied at each different price when all other influences on the amount firms plan to sell are held constant. For instance, the increase in tourism demand during summer holidays, followed by increase in prices for accommodation, leads to the increase in hotel construction and upgrading.

TABLE 3.2: TOURISM SUPPLY SCHEDULE

<i>Price (per hotel room)</i>	<i>Quantity (hotel rooms)</i>
<i>R 100</i>	<i>0</i>
<i>R 200</i>	<i>30</i>
<i>R 300</i>	<i>40</i>
<i>R 400</i>	<i>50</i>
<i>R 500</i>	<i>60</i>

Translated into the supply curve it can be presented diagrammatically as follows:

Figure 3.3: Tourism Market Supply



The supply curve shows the relationship between the quantity supplied and the price of product/service, ceteris paribus.

3.4.2.1.4 Supply shifters

Factors that determine the supply are also regarded as the supply shifters:

(a) Price of other products

The supply of a good can be influenced by the prices of other goods (Parkin, 1990). For instance, an increase in the price of a substitute in production lowers the supply of the product. And also the increase in the price of complementary goods increase the supply of the product.

(b) Price of resources

The price of the resources used to produce a good exert an important influence on its supply. For example, an increase in the price of labour and capital equipment used to produce a product, decreases the supply of a product.

(c) Technology

Technology also influence supply. New technologies that enable producers to use fewer resources will lower the cost of production and increase the supply.

In Figure 3.3, if the supply curve is S_0 and there is a technological change that reduces the amount of resources needed to produce the product, the supply increases and the supply curve shifts to S_2 . If the production costs rise, the supply decreases and the supply curve shifts to S_1 .

3.4.2.1.5 Elasticity of supply

The elasticity of supply is the percentage change in the quantity supplied of a product divided by the percentage change in its price (Parkin, 1990). The supply curves have an upward slope, therefore have a positive elasticity, that is, when price increases, the quantity supplied also increase. However, there are two cases to note with regard to the elasticity of supply - if the quantity supplied is fixed regardless of the price, the

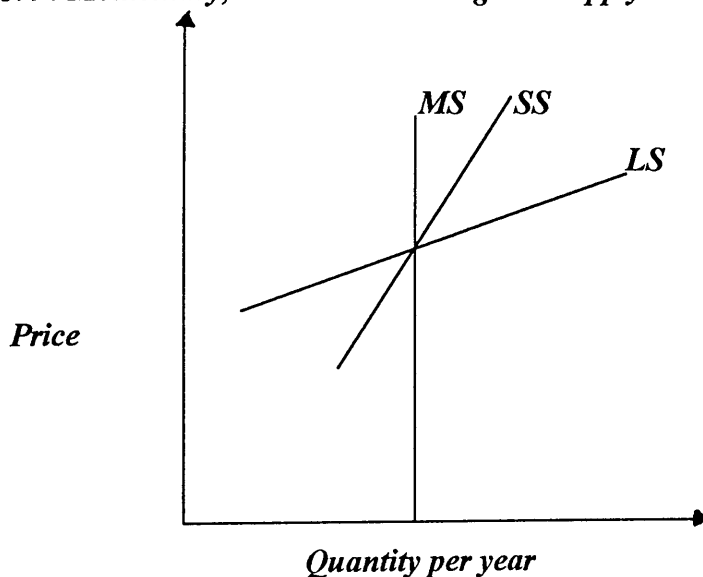
supply curve is vertically. In this case the elasticity of supply is zero. An increase in price leads to no change in quantity supplied. If there is a price below which nothing will be supplied and at which suppliers are willing to sell any quantity demanded, the supply curve is horizontal. In this case the elasticity of supply is infinite.

Momentary Supply

When the price of a good rises or falls in a sudden, unforeseen way, a momentary supply curve is used to describe the initial change in the quantity supplied (Parkin, 1990). The momentary supply curve shows the response of the quantity supplied immediately following a price change. For many goods, the momentary supply curve is perfectly inelastic.

The long-run supply curve shows the response of the quantity supplied to a change in price after all technologically possible ways of adjusting supply have been exploited. Between the momentary and the long-run time frames, there are many intermediate time frames called short-run.

Figure 3.4 : Momentary, short-run and long-run supply curves



The short-run supply curve shows how the quantity supplied responds to a price change,

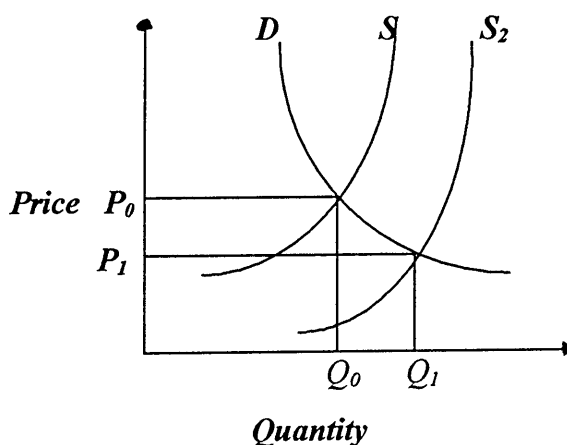
when only some of the technological possible adjustments to production have been made. For instance, to increase output in the short-run, firms work their labour force overtime and perhaps hire additional workers. To decrease their output in the short-run firm lay off workers and reduce hours of work. The long-run supply curve is more elastic than the short-run supply curve.

3.4.3 Market Equilibrium

Given the prices of all inputs and outputs which the firm regard as beyond its own control, the firm will choose from the menu the activity which is most profitable, that is, which gives the maximum benefit between the value of outputs and the value of inputs. The activity choice thus depends in principle on the prices of all goods (Hahn, 1984).

A market is in equilibrium at some price when the quantity demanded is equal to the quantity supplied. That means the market clearance price is that price where quantity demanded is equal to quantity supplied (Solberg, 1982). The existence of market equilibrium is assured in the case of markets characterised as being competitive, in other words, markets free from monopoly power and other market imperfections.

Figure 3.5: Equilibrium price and changes in supply.



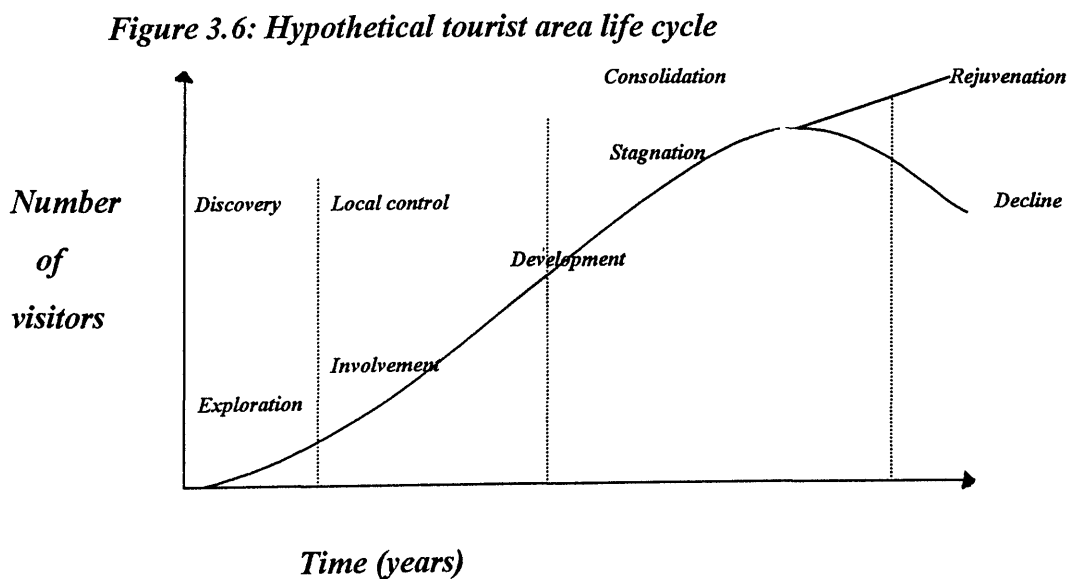
The position of a market supply curve for a good is dependent upon the underlying *ceteris paribus* condition affecting each firm in the market and the number of firms in the market. If the conditions in the market are such that more firms enter the market,

supply will increase at each price even though the quantity supplied by firms already in the market remains the same at each price. Likewise, market supply will decrease at each price if market conditions are such that some firms exit the market. The impact on the equilibrium price is illustrated by Figure 3.5. Market supply shifts to the right as firms enter the market and shifts to the left as firms exit the market.

3.4.4 Tourist area lifecycle

The dynamic nature of the various factors affecting both the supply and demand of tourism products requires constant research on the needs of the tourists. And the needs (demand) of the tourists change with the times. For this reason it is important for the tourism planners to consider the tourist area lifecycle (TALC).

The destinations go through a cycle of evolution similar to the lifecycle of a product (op. cit.). The shape of the TALC curve vary, but for each destination it will be dependent upon factors such as the rate of development, access, government policy, market trends and competing destinations - each of which can delay or accelerate progress through the various stages.



Source: Nobbs, 1981

The features of the different stages of the TALC are as follows:

(a) Exploration

Small numbers of adventurous visitors are attracted by the unspoilt natural beauty or culture at the destination. Numbers are small due to poor access and facilities. At this stage the attraction of the destination is that it is yet unchanged by tourism.

(b) Involvement

At this stage, local initiatives to provide for visitors and later to promote the destination have begun. This results in increased and regular number of visitors. A tourist season and market area emerges, and pressure may be placed on the public sector to provide infrastructure.

(e) Development

Large numbers of visitors are now arriving at peak periods perhaps equalling or exceeding the number of local inhabitants. The control of tourism passes out of local hands, and external private concerns emerge to provide up-to-date facilities, which might alter the appearance of the destination. With increasing numbers and popularity the destination may eventually suffer problems of overuse and deterioration of facilities.

(e) Consolidation

The rate of increase of visitors has now declined, although total numbers are still increasing and exceed permanent residents. The destination is now fully fledged with all the major franchises and chains represented.

(e) Stagnation

Peak numbers have now been reached and the destination is no longer fashionable. It relies on repeat visits and business use of its extensive facilities, and major efforts are needed to maintain the number of visits. The destination may encounter environmental, social and economic problems.

(f) Decline

By this stage, visitors have been lost to newer resorts and the destination has become dependent on a smaller geographical catchment for day trips or weekend visits. Property turnover is high and tourist facilities are converted to other uses. Alternatively, the authorities may recognise this stage and decide to "rejuvenate" the destination.

(g) Rejuvenation

This involves deciding on new uses, new markets and new distribution channels, and thus repositioning the destination.

Development can be arrested at any stage in the cycle, and only tourist developments promising considerable financial returns will mature to experience all stages of the cycle (op. cit.). In the case of static market equilibrium, an intervention at any stage could be necessary, particularly, during the development stage. To increase the demand at the development stage, capacity (for example, appropriate training) will have to be built on local residents or owners to be able to provide what the market forces require, both in terms of infrastructure and control or management. Tourism management skills is essential to be able to react immediately and appropriately to the market demands before the industry becomes stagnant or even decline. Although the supply of tourism products in terms of physical carrying capacity cannot be expanded (is limited) up to a certain point, a thorough market research on other elements should be constantly examined to keep the market at equilibrium and to avoid unnecessary inflating of prices in the market.

3.5 MACROECONOMIC PERSPECTIVE OF TOURISM

Inman (1985) in his attempt to find reasons for the growth of the service economy, formulated three hypotheses for the relative growth of service employment. The first hypothesis argued that services have an income elasticity of demand greater than one - as a real per capita income increases, real services demanded per capita grow more than the proportional growth in income. Thus, services consume an increasing share of national income (ceteris paribus) and national employment. The second hypothesis he

tested, suggests that as economic specialisation and automation increase with economic growth, it becomes efficient for services once provided within the firm / household to be contracted out to experts outside the organisation. For example, legal and accounting services are contracted out by firms, while restaurants and housekeeping services are utilised by the household sector. This may then mean that the same volume of services is being provided as before, but, that these services are now measured as a separate market activity. It is also possible that increased specialisation leads to higher service quality or lower average costs, which would increase the demand for and production of such services.

The third hypothesis explains the growing relative importance of services in national employment by the slower relative growth of labour productivity in services than in agriculture or industry. The slower than average growth in worker productivity in services, will mean higher than average costs in services. If the demand for services is relatively insensitive to rising prices, then as the economy expands, services' share of total employment will increase.

Singh and Kaur (1982) when analysing the economic and social functions of tourism identified the basic economic effects of tourism on :

- (a) the balance of payments*
- (b) foreign exchange earnings*
- (c) tax revenue*
- (d) inflation*
- (e) employment*
- (f) economic growth*
- (g) economic development*

Their equations showed the dependence of tourist consumption and tourism investment on the relative price level of tourist products and disposable income of tourists. Also that domestic disposable income is dependent on the level of total tourism investment

and the level of disposable income in the previous period. Inman (1985) tried to follow the spread effect of tourism through the national economy by estimating the number of circles tourism makes in the national economy, with the aim to estimate the value of the tourist multiplier and its multiplicative effects on various macroeconomic aggregates. These effects are further discussed below.

3.5.1 Balance of payments

Tourist spending gives rise to both inward and outward currency flows. Howell (1993) categorised these financial flows as follows:

- (a) primary effects: arise out of currency inflows from foreign visitor expenditure in a host country, and outflows comes from the spending abroad by residents. They are recorded in various ways by banks and businesses.*
- (b) secondary effects: arise as the primary and direct expenditure is gradually felt in other sectors of the economy. They are divided into three categories of direct secondary effects (such as travel agent's commissions); indirect secondary effects as the tourist service industry passes some of its earnings on to other businesses (for example, when an airline contracts a local company to supply on-board meals which, in turn, means importing some of the food by that company); an induced secondary effect relating to the wages of those employed producing tourist goods and services. A proportion of this income may be remitted abroad by foreign employees.*
- (c) tertiary effects: refers to the currency flows which do not come from direct tourist expenditure and relate to things like investment opportunities stimulated by tourist activity.*

Tourism has a noticeable impact on the balance of payments of a country or region (Ritchie and Goeldner 1986). Expenditures by tourists coming from other regions

represent injections into the area's economy and the imports of any intermediaries towards tourist products represent leakages out of the local economy. The balance of payment situation also directly affects the gross national product (GNP) of the country (Y), according to the formula :

$$Y = C + I + G + (X - M),$$

where Y = GNP; C = consumption expenditure, I = investment, G = government expenditure, X = exports and M = imports.

From the above formula, it is apparent that it is advantageous to the host country to attract more foreign visitors (X) than to have citizens of the country touring to other countries (M).

The most important macroeconomic effect of tourism as an export product could be derived from the balance of payments of a country. From the regional perspective, it means that tourism services will be exported not only to international tourists but also to domestic tourists (from other regions or provinces). Therefore, for example, as the current account of the balance of payment of a region or province strengthens as a result of the foreign and local currency that is received, the economic position of the region will be positively affected or the exchange rate of the country might be strengthened. The region will be able to save more which will lead to increased investment. In this way there will be a need for increased production, the results of which will be the creation of job opportunities and eventually there could be some kind of regional growth as Hugo (1992) suggested.

3.5.2 Foreign exchange earnings

Tourism is an important element of international trade. According to Shaw and Williams (1991), there is a high and a positive income elasticity of demand for tourism. According to the export base theory, the economic growth stems from the income generated from outside an area, that is, from exports. Ricardo's concept of comparative advantage provides an interesting theoretical perspective on specialisation in tourism. The argument is that an area should specialise in producing and exporting

those products in which it has a competitive or relative cost advantage compared to other areas.

Establishing the importance of international tourism receipts and expenditures is easier than quantifying them in greater detail. There are two main methods for estimating tourism expenditures (Shaw and Williams, 1991), and they are often used in conjunction: the direct and indirect methods. The direct method relies on information provided by tourist themselves and by financial institutions. The indirect method multiplies the number of tourist nights by an average of daily expenditures.

Exchange rate is a relative price of two monies. Variables affecting the supply of and demand for two monies will affect the rate of exchange between them (Frenkel, 1983).

Since money is a durable asset, expectations about the value of variables affecting its future supply of demand will be important determinants of current demand. An increase in foreign exchange earnings will contribute positively on the balance of trade and that could lead to improved exchange rate in favour of the rand and this could also have a positive effect on the tourist inflows hence improve the balance of trade.

3.5.3 Tax revenue

Tourist must pay tax like most other people do (Ritchie and Goeldner, 1986). Since tourists come from other regions or countries, their expenditures represent an increased tax base for the host government. In addition to the usual sales tax, tourists sometimes pay taxes in less direct ways, such as airport tax, exit fees, custom duties and charges assessed for granting visas. Apart from these taxes collected from both tourists and residents increase due to tourism expenditure. Part of the increase in tax revenue could be channelled back to the tourism industry by the government as part of its investment.

3.5.4 Inflation

Tourists inject money into the destination economy. While this increases the income of the region, it might also cause inflationary pressures, (Ritchie and Goeldner, 1986).

Tourists typically have a higher expenditure capability than the residents do -either because tourists have higher incomes or because they have saved for the trip and are inclined to "splurge" while on vacation. Hence, they are able to bid up the prices of such commodities as food, transport, arts and crafts. Naturally the suppliers of tourists services and products sometimes exploit the situation of an influx of tourists, (for example, peak seasons) to excessively increase their prices. This cause inflationary pressures, which can be detrimental to the economic welfare of residents of the host community. This is particularly true when inflation affects the prices of essentials, such as food, clothing and housing (op. cit.).

3.5.5 Employment

The effects of tourist expenditure on employment can be divided into three types (Nobbs, 1981):

- *direct employment from expenditure on tourism facilities like tourist attractions, hotels, shop assistants, et cetera.*
- *indirect employment in businesses affected by tourism in a secondary way such as local transport, handicrafts and banks.*
- *investment employment mainly due to the construction of large infrastructural works, for example, airports, roads, electricity, water and sanitation works.*

The amount of secondary employment generated depends upon the extent to which the tourism sector is integrated with the rest of the local economy (Mill, 1992). It is also argued that tourism is more labour intensive than other industries and for this reason it needs developmental support. The degree of labour intensity can be measured in terms of the cost per job created or the employment - output ratio (op. cit.).

The employment - output ratio is the number of workers employed divided by the contribution of tourism to the national economy. However, there is no unanimous agreement among researchers that the cost per job created in the tourism industry is less than in other industries (Johnson and Thomas, 1993). The large cost of providing the necessary infrastructure in the tourism industry, drastically increases the unit cost



of creating jobs. In the early stages of tourism development, the cost per job created is likely to be high due to the costs described above. Similarly, the capital - output ratio will also be high because of the low volume of tourists in the initial stages of tourism development (op. cit.). As the destination develops, and as more tourists are attracted, the capital - output ratio declines. The cost per job created will also be reduced due to the experience and organisation of those at the destination. In addition, as tourism increases, physical development take place in facilities that are less costly than the construction of hotels. Jobs can thus be created at a lower average cost. The cost per job created depends on the type of facility constructed (Mill, 1992). The cost will be greater for a luxury hotel than for a smaller more modest property development. Also the luxury hotel will offer more job opportunities and hence higher employment - output ratios than will the smaller properties developments. The key to maximising the economic and job returns for the destination is to use materials and personnel indigenous to the region while maintaining a quality standard acceptable to the target market.

3.5.6 Economic growth

The major goal of any nation should be to make the most efficient use of its scarce resources so that people obtain maximum benefits from them (Nobbs,1981). Vastly different approaches are used in an effort to achieve this and other economic goals. Which resources should be developed, and how and where should they be utilized? What opportunities are lost by investing resources in a particular way or by diverting resources from one investment category to another? Are benefits really maximised if the citizens of a particular region are hurt by an investment strategy which may improve the overall development of the country?(Jumper, Bell and Ralston,1980). All these questions need to be addressed when deciding on an economic growth strategy.

Growth can occur only when certain ingredients are brought together for that purpose (Ochel and Wegner,1987). These ingredients include a sufficient variety, quantity and quality of natural resources; an adequate supply of labour with appropriate skills, ample

amount of capital, technical and research support commensurate with the degree of sophistication of the growth which is planned and a political and economic environment favourable to growth (Jumper, Bell and Ralston, 1980). Growth is commonly expressed in terms of income, population, living standards, employment, production and life expectancy.

Jumper, Bell and Ralston (1980) believe that the kind of growth that occurs depends on the manner in which the ingredients of growth are brought together and managed towards a particular goal. For the tourism industry to prosper to the direction that will contribute to growth, these ingredients will have to be put together in a specific way that is required by the industry itself. For instance, where there are tourist attractions like wildlife, a skilled community developer with financial back-up can be able to develop that attraction to the standard required for tourism purposes.

The growth pole theory suggests that the detrimental effects of regional and international development disparities can be broken by controlled economic development (op. cit.). Unequal growth is viewed as essential and potentially useful in development. It may lead to improved efficiency in the use of resources because of the dynamics of the growth process.

Growth in one sector of an economy may stimulate growth in other related areas or sectors (Nobbs, 1981). Initially lagging sectors of the economy may not have been able to generate enough demand for their products in order to generate needed capital expansion, but growth stimulated by another interrelated dynamic sector may bring idle people and equipment into useful production. The growth pole strategy involves taking advantage of the developmental potential of economic sectors and geographic areas which have the greatest comparative advantage for economic growth.

Following Jumper, Bell and Ralston's (1980) argument, a growth pole is usually a large city or regional capital located within a lagging region. Rather than spreading scarce development funds evenly, resources are concentrated within the growth pole and



in relatively few economic sectors. Ideally investment funds would be concentrated on a particular propulsive industry, which would have both forward and backward linkages with other economic sectors. Forward linkages are a form of economic interrelationship in which the products of one industry form the raw materials for other industries. Backward linkages are the interconnections between an industry and its suppliers of raw materials (op. cit.). The propulsive industry is usually a basic economic activity in which most of the output is distributed to markets outside the growth pole and even outside the lagging region. Exports generate external capital needed to develop the region further and cause economic multiplier effects to occur. Thus, growth in a propulsive industry breeds growth in interrelated, both forwardly and backwardly linked industries, which in turn creates an enhanced economic environment for new investment. Such as propulsive industry can in some instance, be the tourism industry.

3.5.7 Economic development

(a) Economic versus social overhead capital

Choices over the use of scarce resources for economic development often involve a dichotomy between those who favour investment in economic overhead capital, such as highways and public works projects, and those who favour investment in 'people' (social overhead capital) such as schools, medical care and job training (Jumper, Bell and Ralston, 1980).

Most development economists agree that the benefits of real investment are more quickly felt than those in people (human capital). A modern highway system can, for example, connect formally isolated regions and bring about economic integration (for example, make tourists attractions accessible). If however, the skill levels of the people are not sufficient to organise an effective administrative structure, interconnections counts for very little. It is not easy to measure the benefits which accrue from investment in people as it is to measure the more tangible benefits of real investment. Therefore, investment in the tourism

industry, as it is mostly infrastructural, can be realised in a short space of time. However, simultaneous application of economic and social overhead capital is necessary to fulfil developmental goals. Economic investment is needed to create the initial impetus for growth, and investment in human resources is needed to sustain growth once it has begun.

(b) Economic development and tourism

A society's level of economic development is a major determinant of the magnitude of tourist demand because the economy influences many critical and interrelated factors (Todaro, 1990). There have been a number of theories put forward to explain the process and sequence of economic development. One such theory mentioned by Todaro (1990) is by Rostow (1959), that shows that the economic development of nations can be divided into a number of stages as outlined in Table 3.3.

TABLE 3.3: Economic development and tourism

<i>Economic stage</i>	<i>Some characteristics</i>	<i>Examples</i>
<i>Traditional society: Long-established land-owning aristocracy, traditional customs, majority employed in agriculture. Very low output per capita, impossible to improve without changing system. High poverty levels.</i>	<i>Economic and social conditions deny most forms of tourism.</i>	<i>Much of Africa</i>

<p><i>Preconditions for take-off:</i> <i>Innovation of ideas from outside the system take place. Leaders recognise the desirability of change.</i></p>	<p><i>The developing world. From the take-off stage economic and social conditions allow increasing amount of domestic tourism. (mainly visiting friends and relatives)</i></p>	<p><i>South and Central America, Asia</i></p>
<p><i>Take-off:</i> <i>Leaders in favour of change gain power and alter production methods and the economic structure. Manufacturing and services expand.</i></p>		
<p><i>Drive to maturity:</i> <i>Industrialisation continues in all economic sectors. With a switch from heavy manufacturing to sophisticated and diversified products.</i></p>	<p><i>International tourism is possible. In-bound tourism is often encouraged as a foreign exchange earner.</i></p>	<p><i>Mexico, parts of South America</i></p>
<p><i>High mass consumption:</i> <i>Economy now at full potential, producing large numbers of consumer goods and services. New emphasis on satisfying cultural needs.</i></p>	<p><i>The developed world. Major generators of international and domestic tourism.</i></p>	<p><i>North America, Australia, Japan</i></p>

Source: Smith and Eadington 1992

As a society moves towards the high mass consumption stage, a number of important processes occur. The balance of employment changes from work in the primary sector (agriculture, fishing, forestry) to work in the secondary sector (manufacturing goods) and to the tertiary sector (services such as tourism) (op. cit.).

As this process unfolds, an affluent society usually emerges and the percentage of the population who are economically active increases from less than a third in the developing world to half or more in the high mass consumption stage (op. cit.). With progression to the drive to maturity, discretionary incomes increase and create demand for consumer goods and leisure pursuits such as tourism. Other developments are closely linked to the changing nature of employment. The population is healthier and has time for recreation and tourism. Improving educational standards and media channels boost awareness of tourism opportunities, and transportation and mobility rise in line with these changes.

Institutions respond to this increase in demand by developing a range of leisure products and services (Smith, 1989). These developments occur in conjunction with each other until at the high mass consumption stage and all economic indicators encourage high levels of travel propensity. It can be concluded that tourism is therefore, a result of industrialisation, and the more highly developed an economy, the greater the levels of tourist demand. As more countries reach the drive to maturity or high mass consumption stages, so the volume of trade and foreign investment increases and business travel develops. Business travel is sensitive to economic activity.

3.6 REGIONAL GROWTH MODELS

3.6.1 Supply - determined regional growth

Ghali (1977) distinguished between two types of regional growth models namely, those that attribute regional growth to the growth of inputs and those that attribute growth to the growth of demand for its output. This applies also to tourism as a strategy for regional development.

The supply - determined regional growth model assigns the determination of growth to

the growth of inputs. Input growth can occur indigenously or because of the interregional movements in response to factor price differentials. In the long - run, however, both commodity and factor movements will bring about factor price equalisation between regions; hence differential rates of regional growth can be explained on the basis of the costs of moving, which causes differentials rates of growth of inputs or on the basis of the regional diversity in natural resources (op. cit.). Factors that can be regarded as inputs into the tourism industry are to a greater extent indigenous to those areas, and in that way prices can never be the same as in those areas where such inputs are imported.

However, Hugo (1992), concluded that the nature of the tourism sector (foreign and domestic) makes this sector suitable for balanced economic growth between regions, partly because this sector (as a tertiary sector) is the source of autonomous development. Following Hugo's (1992) argument, it can be said that, the tourism sector is in many cases the only source of autonomous development that can be developed into a life - sustaining way in certain areas. Thus, this sector can make a very important contribution towards the removal of hinderances to economic growth and development that emanates from unbalanced regional development.

3.6.2 Demand - determined regional growth

The group of regional growth models which assign the primary role to the growth of demand for the region's output, regards the supply of all inputs required for production, namely, capital, labour and natural resources facing a region as perfectly elastic. In this model the growth of demand for a region's output, particularly, the growth of exports (including tourism) is regarded as the essential determinant of regional growth (Ghali, 1977).

For capital and labour, interregional mobility is easier, less costly and does occur at large scale than international mobility, hence the region is drawing on a much larger supply of inputs than that available within its boundaries. Therefore, the rate of growth is limited by the growth of demand for its output rather than the limitations imposed by

indigenous growth of capital labour (ibid.).

Put formally, this model assumes that the demand for a region's output, which includes both the regions demand for its own output as well as other regions' demand for the region's export, is perfectly elastic, so that the growth of demand imposes no constraints on regional growth.

According to the economic base model, the economy of a region is divided into two sectors, namely, an export sector and domestic sector. The level of economic activity within the region as measured by income or employment is similarly disaggregated. If we denote total economic activity in the region by Z and the level of economic activity in the export sector by Y and in the domestic sector by G, we have:

$$Z = Y + G \dots \dots \dots (1)$$

All this can be done on assumption that the level of economic activity in the domestic sector or export sector is directly related to the total level of economic activity:

$$G = aZ \dots \dots \dots \text{or } Y = Az \dots \dots \dots (2).$$

Then we have a multiplier relationship:

$$Z(1-a) = Y$$

$$Z = Y / 1-a, \text{ therefore, } Z = kY$$

The value of the multiplier (k) is directly obtainable by taking the ratio of total income (or employment) to income (or employment) of the export sector. This model attributes growth to the growth of exports and it also indicates that a regional economy will cease to exist if it were not for exports.

3. 7 EXTERNALITIES ASSOCIATED WITH TOURISM

While tourism brings many benefits one has to be careful about the social impact associated with it. A negative externality results from an economic activity, for example, a factory where a number of people are employed (economic activity) but, in the process of production some people are negatively affected by the smell of the garbage disposal which also pollute the air. The effects of large tourist movements on the ecology and on the civic services can be disastrous if proper care is not taken. Environment is the first priority and "it is not so much the number of tourists that will prove a danger, it

would be a failure to provide drainage, disposal of garbage, supply of water, power, communications" (Singh and Kaur, 1982).

The degradation of the ecosystem and environment can ultimately destroy the scenic beauty to which tourists were attracted.

The negative impacts of tourism can occur in three domains :

- (a) Physical and environment - for example, overcrowding, increase in population density.*
- (b) Economic - for example, land price inflation and economic dependence on a single industry.*
- (c) Social - for example introduction of undesirable activities such as prostitution, gambling and loss of cultural identity.*

The real trend of the potential problems in the tourism industry, according to Mill (1992), is that the tourist market will continue to grow at a faster rate than the tourism destinations. The result will be the shortage of space at desired locations, producing a problem of how to ration what is available. It is also suggested that planners need to be aware of the social carrying capacity for tourism. Social carrying capacity is the stage in tourism growth at which local residents perceive an intolerable level of negative social impacts from tourism's development.

Each destination can accept only so much tourism because resources are limited, and on awareness by tourism planners of this capacity, they will ensure that the tolerance level is considered in their plans. Tourism has the ability to create its own pollution that can cause irreparable environmental and social damage and spoil an area for its inhabitants.

There is, therefore, a caution that as tourism is eagerly sought by the developing nations as an important source of revenue, it may provoke serious disruptions and cause ultimate long range damage in societies. It can also be predicted that mass

tourism in developing countries, if not controlled and regulated, might help to destroy whatever there is still left of unspoiled nature and of traditional ways of life (Smith, 1989).

Having been negatively affected by tourism, the local residents retaliate by exhibiting hostile behaviour towards tourists. This serves to reduce the attractiveness of the destination area which conversely affects the income potential and employment opportunities in the local tourism industry.

3.8 SUMMARY

This chapter, showed that tourism activity is a service industry with well defined characteristics. And like any other economic sector it has got both micro - and macroeconomic perspectives, with the micro-economic perspective offering information on the appropriate stages for interventions to avoid stagnation and decline in the services of the tourism industry, and the macro-economic impact of the industry on the economy in general via the effects on the balance of payments; employment; growth and development. It is also evident from various sources including the Government's Growth, Employment and Redistribution Strategy (1996), that tourism is one of the key sectors identified for job creation and that expanding investment in this sector could create job opportunities.

The macroeconomic impact of the tourism industry as suggested by the literature above reveals undoubtedly that tourism contribute to growth and development which is the main theme of the study and also links directly to the study hypotheses previously identified. In other words, the theory of tourism confirms the stated hypotheses. In the next chapter an economic analysis of the tourism industry in KwaZulu-Natal will be presented.

CHAPTER IV

ECONOMIC ANALYSIS OF THE TOURISM INDUSTRY

4.1 INTRODUCTION

The main theme of the study is to investigate the economic benefits of the tourism industry to South Africa, and also examines the contribution of the tourism sector to growth and development in KwaZulu-Natal. Furthermore, projections of the future demand of the tourism industry are also presented. To obtain some information on the economic benefits a survey was undertaken and the secondary sources were also used. This chapter looks at the findings from the survey and analyses the results thereof.

4.2 SOUTH AFRICAN SHARE OF THE WORLD TOURISM MARKET

As a phenomenon of the modern age, tourism has become one of the high performance economic sectors, and one which has proved capable of withstanding economic recessions of recent years. In 1994, travel and tourism was the world's largest industry employing 94 million people directly, and 106 million people indirectly (Durban Unlimited, September 1995). The World Travel and Tourism Council, (Natal Mercury, 1996) estimate that 255 million jobs have been created world wide by the tourism industry up to 1996. It further projects that these jobs will increase to 385 million by the year 2006, attaining a real growth of 5 per cent. Tourism investments for 1996 amounted to \$766 billion, and are expected to increase to \$1,6 trillion by the year 2006.

It was also estimated that the industry accounted for 10 per cent of world gross domestic product, and was the number one earner of foreign exchange. In the same year, (1994) total world tourist arrivals was 532 million and total international tourism receipts were calculated at 337 billion US dollars. Arrivals in Africa were 18.3 million people and tourism receipts totalled 6.3 billion US dollars, and 45 per cent of this activity was located in Northern Africa. Since 1995 world travel, transportation and other private services have increased by more than 15 per cent per annum. According to BEPA (1992), South Africa's estimated share of the world tourism market was only 0.02 per cent, and this country is in a position to benefit from these developments because of its natural and technological comparative advantages, especially in the field of tourism and



export of financial services to the rest of Africa. Therefore, any modest increase in the share of world tourist market from 0.02 per cent would generate sufficient foreign exchange that could increase or create a surplus on the balance of payments.

Looking at the key tourism statistics provided by the Industrial Development Co-operation in 1996 the share of South Africa of the world tourism market is as follows:

(a) Tourism job opportunities (1995)

World = ± 100 million (6 per cent of the global workforce)

South Africa = 550 000 (about 4 per cent of the workforce)

(b) Workers in tourism in relation to the economically active workforce

World = 1 : 15

South Africa = 1 : 25

(c) Tourism expenditure (international and domestic) as a percentage of the GNP (1995)

World = 10 per cent

South Africa = 5 per cent

(d) Rank importance of the tourism industry as an earner of foreign exchange (1994)

World = number 1

South Africa = number 4

(e) Foreign tourist arrivals (1994)

World = ±532 million

South Africa = 4,48 million (including tourists from Africa)

(f) Foreign tourist arrivals as percentage of the world total (1995)

World = 100 per cent

South Africa: = 0,8 per cent

(g) *Foreign exchange earned from tourism (1995)*

World: = R 1140 billion (US\$ 372 billion)

South Africa: = ± R 13 billion

(h) *Foreign exchange from tourism earned as a percentage of the world total (1995)*

World: = 100 per cent

South Africa: = 1 per cent

Source: Industrial Development Corporation, 1996.

4.3 SOUTH AFRICAN TOURISM INDUSTRY'S ECONOMIC IMPORTANCE

4.3.1 Contribution to GDP and GNP

Table 4.1 shows the contribution of the tourism sector to GDP and GNP of South Africa and also the of tourism revenue received from 1986 to 1995. This table shows that although there has been an increase in tourism revenue, which goes hand-in-hand with the increase in the number of foreign tourists, the actual contribution of the tourism sector to GDP and GNP has remained relatively static from 1990 to 1993 (only 4 to 5 per cent).

The White Paper on Tourism Development Policy (1992) indicates that the industry has the potential of contributing up to 8 per cent by year 2000 and 10 per cent in 2006. For these objectives to be achieved there has to be an increase in spending on marketing the industry. In 1995 the income from tourism was more than R20 billion. South Africa also enjoyed an increase of 22 per cent from 644 502 in 1986 to 4,5 million in 1995 in the number of tourists visiting the country. The increase in tourism activities up to 1995 supported at least 550 000 jobs. Government's revenue from tourism came to R6,4 billion made up of about R600 million in personal taxes, R3,4 billion in company tax and VAT to the value of almost R2,4 million (Finansies en Tegniek, 12 July, 1996).

TABLE 4.1: THE RELATIVE CONTRIBUTION OF THE SOUTH AFRICAN TOURISM EXPENDITURE TO THE GDP AND GNP, 1986-1995

YEARS	DOMESTIC EXPENDITURE (Rm)	TRAVEL RECEIPTS (Rm)	PASSENGER FARES (Rm)	TOTAL (Rm)	GDP AT CURRENT PRICES (Rm)	GNP AT MARKET PRICES (Rm)	TOURISM SHARE OF GDP (%)	TOURISM SHARE OF GNP (%)
1986	950	-	379	4541	142135	135125	3	3
1987	3662	1220	415	5297	164524	157831	3	3
1988	4476	1570	483	6529	200446	192876	3	3
1989	5445	2126	636	8207	240639	231329	3	4
1990	6596	2474	855	9925	276060	264531	4	4
1991	7421	3044	841	11306	310074	300565	4	4
1992	8382	3372	1034	12787	340963	331818	4	4
1993	10310	4334	1031	15675	383695	374237	4	4
1994	12355	5568	1282	19205	431711	422521	4	5
1995	13914	7100	-	23682	484021	473648	4	5

Source: SRB (own estimates), 1996

4.3.2 Contribution to foreign exchange earnings

To be able to determine the importance of foreign tourists, the following table shows the number of foreign tourists and the countries of origin from 1985 to 1995 (see also Figure 4.1).

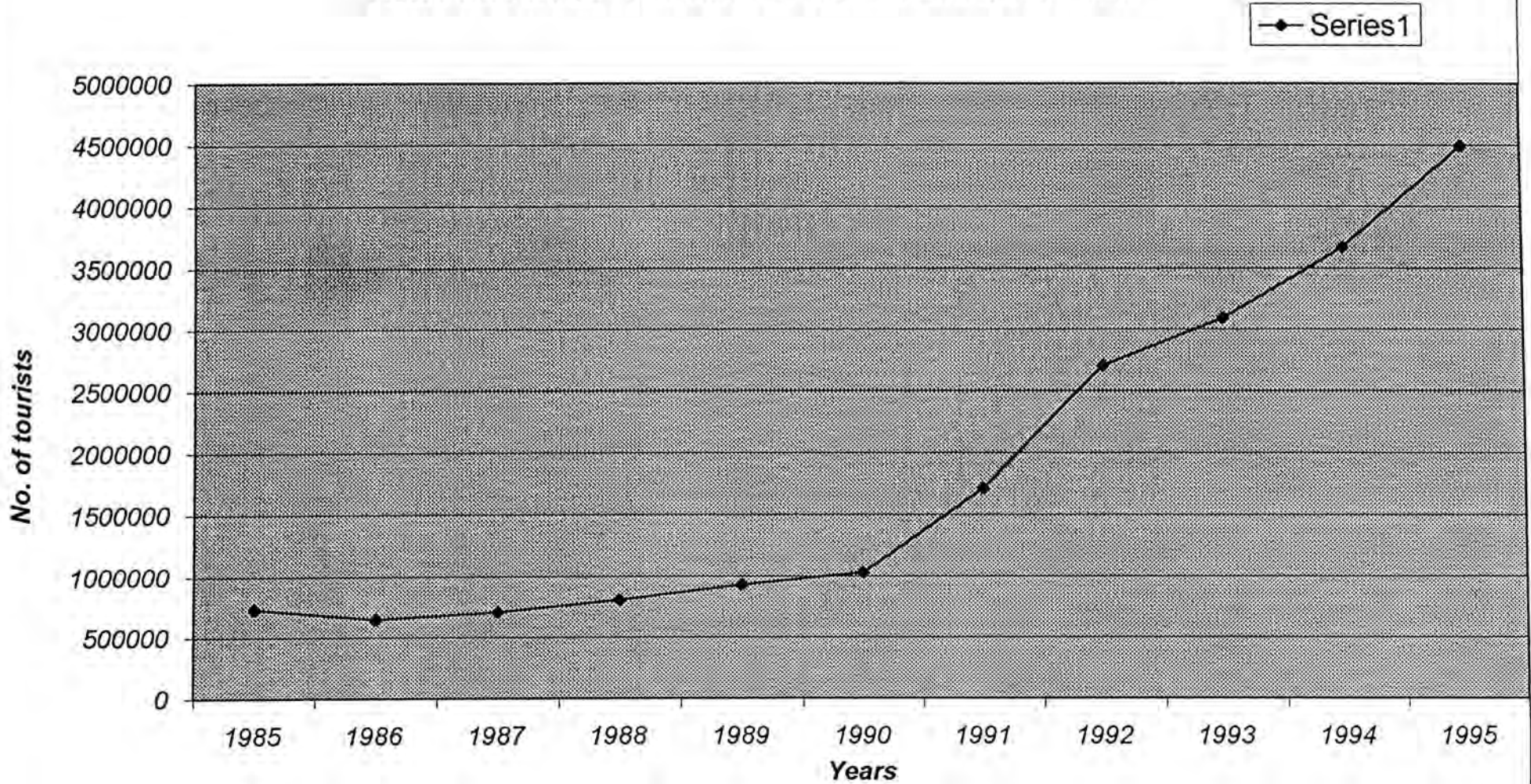
TABLE 4.2: INTERNATIONAL TOURISTS TO SOUTH AFRICA AND THEIR COUNTRIES OF ORIGIN, 1985 - 1995

YEAR	TOTAL NO. OF TOURISTS	EUROPE	AMERICA	AUSTRAL-ASIA	MIDDLE EAST & ASIA	AFRICA
1985	727 552	271 994	76 853	17 702	35 094	321 955
1986	644 502	203 368	49 721	12 707	27 250	347 442
1987	703 351	237 709	50 610	14 869	31 608	364 044
1988	804 985	274 681	55 010	16 263	37 032	413 368
1989	930 393	332 279	63 863	20 527	49 592	454 318
1990	1029 093	349 685	66 972	22 744	52 718	528 908
1991	1709 554	367 641	67 106	19 984	59 312	1186 529
1992	2703 191	389 562	72 805	24 433	65 571	2142 249
1993	3093 183	412 800	86 950	29 297	81 746	2462 277
1994	3668 956	444 767	109 378	35 749	106 425	2927 982
1995	4488 272	697 539	153 391	59 951	149 385	3290 931
Average annual growth rate (%)	19,9	9,9	7,2	13,0	15,6	26,2

Source: Satour, 1995

The trend reflected in Figure 4.1 shows that there has been an increasing number of tourists coming to South Africa as from 1985 to 1995. The impact made by these tourists in South Africa can directly be examined by looking at their countries of origin as shown in Table 4.2. Most of the visitors were from Africa and secondly from European countries.

Figure 4.1: Foreign Tourist Arrivals in South Africa, 1985 - 1995



Although visitors from Africa are less inclined to stay in hotels during their visit to South Africa, foreign tourists remain a significant factor as far as the tourism industry is concerned. Visitors from Africa have indeed become a major source of income for a number of downtown hotels, more especially in Johannesburg. Reasons for their visits include shopping, obtaining medical services and visiting relatives and friends. Their purchasing power, however, will remain a constraint on spending until such time as conditions in their countries of origin have changed for the better.

Although the weakening of the rand is not a desirable situation, the fact that the rand is weaker than the US dollar, makes it cheaper for tourists from Europe and America to visit South Africa, and, hence, coupled to the increase in their numbers had a positive impact of increasing foreign exchange earnings.

On the other hand, the visitors from African countries, as their numbers increase also, contribute significantly. The large number of visitors from Africa is a promising aspect of foreign tourism. Their numbers have increased from 529 000 in 1990 to 3,3 million in 1995, and at an average expenditure of R450-00 per visitor as indicated by Nieuwenhuizen (1995), it represents about R 1,5 billion spending by these tourists.

The increasing number of tourists from European countries coming to South Africa is another strong boost for the South African economy, particularly for earning foreign exchange. The neglect of the export potential of the service sectors, especially tourism, contributed to the hesitant growth performance of the country's economy in the past. This is seen from the contribution that it can make to the economy if it is developed and managed accordingly and the huge potential of the tourism industry to generate employment and improve living standards. Tourists from Europe has been increasing from 350 000 in 1990 to 698 000 in 1995. Considering that each visitor spends about R3 600 per visit, this becomes R2,5 billion in total spending. The tourism policy should consider the industry's short and medium term potential as a significant source of foreign exchange earnings. The tourism industry seem to be the most appropriate instrument available for the removal of the main constraints on economic growth and development, namely, the strong secular tendency of the current account towards disparity. The inflow of an additional one million foreign

tourists per annum, will improve South Africa's foreign exchange earning by about R3 600 million. The advent of one million visitors from Africa will add about R450 million.

4.3.3 Geographical contribution of tourism

According to a Satour market survey (1994) the value of tourism in South Africa was as follows:

TABLE 4.3: THE VALUE OF THE TOURISM MARKET IN THE RSA, 1994

<i>MARKET</i>	<i>NO. OF VISITORS</i>	<i>VALUE</i>
<i>Overseas Market</i>	<i>704 000</i>	<i>R 7 billion</i>
<i>Domestic business market</i>	<i>783 000</i>	<i>R 840 million</i>
<i>Domestic holiday market</i>	<i>12 112 000</i>	<i>R 12 billion</i>

Source: Satour, 1995

The Satour survey also quantified the most important geographical market shares of domestic tourism as:

KwaZulu-Natal *25 per cent*

Gauteng *19 per cent*

Eastern Cape *15 per cent*

Western Cape *13 per cent,*

and market shares for business travel as:

KwaZulu-Natal *27 per cent*

Gauteng *27 per cent*

Western Cape *13 per cent*

This survey also showed how the tourism revenue are spread throughout the country. Obviously, KwaZulu-Natal and the Western Cape are prime tourist destinations and these two regions also absorb disproportionately high percentages of the total tourist expenditure. Table 4.4 shows the proportion of expenditure on accommodation, food, transport, and spending money going to various regions, the total expenditure of each region in comparison with the percentage of trips made to that region and population living in that region.

Table 4.4 shows that KwaZulu-Natal and Western Cape collected 56 per cent of all tourist revenue with the seven other Provinces sharing the rest. The main findings are as follows:

- (a) 20,6 per cent of the population live in KwaZulu-Natal, but 24,6 per cent of all tourist trips were directed towards this region, meaning that tourists came into KZN more frequently than to any other province during 1994, (compare for example, Gauteng in this regard).*
- (b) Furthermore, of all money spent by tourists, 32 per cent was in KwaZulu-Natal. This has a very strong positive economic impact locally.*
- (c) KwaZulu-Natal is particularly successful in attracting money spent on accommodation as 41 per cent of all money spent on accommodation came to this province (highest of all provinces).*
- (d) Comparing the percentage of total expenditure on different provinces it becomes clear that KwaZulu-Natal and Western Cape are the prime holiday destinations*
- (e) On food and transport tourist spend more or less the same in KZN and Western Cape, which is higher than in any other province.*
- (f) Tourists daily spending during their stay in KZN on things like entertainment, is much higher in this province than in other provinces.*

All these findings confirm the fact that KwaZulu-Natal has enormous tourism potential.

TABLE 4.4: SHARE OF TOURISM EXPENDITURE BY PROVINCES, 1994

<i>PROVINCE</i>	<i>ACCOMMO- DATION</i>	<i>FOOD</i>	<i>TRANSPORT</i>	<i>SPENDING MONEY</i>	<i>TOTAL EXPENDITURE</i>	<i>TRIPS</i>	<i>POPULATION</i>
	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>
<i>GAUTENG</i>	<i>3.0</i>	<i>4.4</i>	<i>8.5</i>	<i>8.1</i>	<i>6.0</i>	<i>16.0</i>	<i>21.5</i>
<i>NORTHERN CAPE</i>	<i>1.4</i>	<i>3.0</i>	<i>2.8</i>	<i>1.9</i>	<i>2.3</i>	<i>2.0</i>	<i>1.0</i>
<i>WESTERN CAPE</i>	<i>21.2</i>	<i>24.3</i>	<i>27.2</i>	<i>24.1</i>	<i>24.2</i>	<i>12.9</i>	<i>10.3</i>
<i>EASTERN CAPE</i>	<i>9.1</i>	<i>10.0</i>	<i>9.5</i>	<i>10.1</i>	<i>9.7</i>	<i>9.3</i>	<i>14.3</i>
<i>KWAZULU/NATAL</i>	<i>41.0</i>	<i>28.7</i>	<i>27.3</i>	<i>31.1</i>	<i>32.0</i>	<i>24.6</i>	<i>20.6</i>
<i>MPUMALANGA</i>	<i>5.9</i>	<i>7.5</i>	<i>6.8</i>	<i>5.4</i>	<i>6.4</i>	<i>7.6</i>	<i>7.2</i>
<i>NORTHERN PROV.</i>	<i>3.7</i>	<i>7.5</i>	<i>4.5</i>	<i>4.3</i>	<i>5.0</i>	<i>8.9</i>	<i>10.1</i>
<i>NORTH – WEST</i>	<i>6.5</i>	<i>7.0</i>	<i>4.8</i>	<i>8.5</i>	<i>6.7</i>	<i>10.1</i>	<i>7.8</i>
<i>OFS</i>	<i>5.3</i>	<i>5.8</i>	<i>4.8</i>	<i>4.0</i>	<i>5.0</i>	<i>6.6</i>	<i>7.2</i>
<i>UNCLASSIFIED</i>	<i>2.9</i>	<i>1.8</i>	<i>3.8</i>	<i>2.5</i>	<i>2.7</i>	<i>2.0</i>	<i>0</i>
<i>TOTAL</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Source : Satour, 1995

The Greater Durban region attracts some 3,4 million visitors a year, injecting an estimated R 3,3 billion cash flow into the city (Durban Unlimited,1995). The tourism industry employs 65 000 people in the Greater Durban region, supporting an estimated 250 000 people. These statistics have shown KwaZulu-Natal as the country's top domestic holiday destination with a 25 per cent market share. Durban is obviously the gateway to KwaZulu-Natal and enjoys the major share of the market. Investment is required to protect and increase this market share. Most of Durban's international holiday tourism is of the VFR variety (visiting friends and relatives), and as such is difficult to quantify (as is also evident from the percentage transport spending).

4.4 DETERMINATION OF THE GROWTH AND DEVELOPMENT POTENTIAL OF TOURISM IN KWAZULU-NATAL (KZN)

4.4.1 Empirical research study and method

In an effort to determine the contribution of tourism to growth and development in KZN, the opinions of the main role players in the tourism industry in the province were obtained through interviews (for the attractions that were visited) and by making use of questionnaires (see Appendix A). Interviews were used because they allow an interviewee to express himself/herself fully on what he feels is important for the tourism industry. Interviewing all the role players in the provincial tourism industry was not feasible, due to the distance and time factor, hence a questionnaire was used. During the interviews, questions similar to those in the questionnaire were used.

The research analysis is both qualitative and quantitative. The availability of different types of attractions, infrastructure and facilities was considered to be the measure of the tourism potential; and the number of employees in the tourism industry (directly and indirectly) and the expenditure by tourists including international tourists was considered to be indicative of the contribution of the tourism sector to regional economic growth.

The sample was drawn from different stakeholders, namely, publicity associations, tour operators, hotel and restaurant associations within the province. The sample was constituted by associations rather than individual institutions involved in tourism. In other words, the non-probability sampling method (purposive sampling) was used. The planned sample size was 15 associations surveyed in January and February 1996. The survey method was used and the questionnaire was used as the data collecting tool. The following institutions were interviewed:

- * KwaZulu-Natal Monument Council*
- * South African Tourism Board (Durban)*
- * Natal Parks Board*
- * Tourism Association of Natal-KwaZulu (TANK)*
- * Federation of Hotel Association of South Africa (FEDHASA)*
- * Association of South African Travel Agents (ASATA)*
- * Greater Durban Marketing Authority (Durban Unlimited)*
- * Voyager Travel*
- * South African Tourism and Safari Association (SATSA)*
- * Department of Nature Conservation*
- * Department of Economic Affairs and Tourism*
- * Department of the Premier (Communication)*
- * National Sports Council*
- * Maputaland Tourism Development Association*
- * Natal Technikon (Tourism Unit).*

Data was collected from both primary (questionnaire) and secondary (reports from different tourism institutions) sources. The questionnaire was designed by the researcher

assisted by Human Science Research Council (Regional Research Facilitation Function). The managers and or chairpersons of the abovementioned associations were requested telephonically to complete the questionnaires and some were visited by the researcher.

4.4.2 Limitations

Like any other research project this study is not without its limitations. Firstly, not all the institutions involved in tourism were interviewed. Secondly, the response errors are part of the limitations as some people tended to give incorrect information. Thirdly, most of the interviewed associations operate in Durban (70 per cent) leaving only 30 per cent in other areas of the province.

4.4.3 Research findings

The research findings will be discussed according to the questions contained in the questionnaire.

Question 1 : Do the general public understand what tourism is all about?

The public still does not understand what tourism is and what it entails as, 93,3 per cent of the responses reflected this view.

Question 2 : Is there scope for the growth of tourism in the province?

The industry can grow. All the respondents were positive, with each giving his or her own suggestions as to what can be done to ensure growth in the industry.

Question 3 : How does KwaZulu-Natal compare to other provinces as a tourist destination?

On a scale of 1 (favourable) to 9 (unfavourable), respondents gave ratings as follows:

Scale responses	1	2	3	4	5 – 9
Number	6	1	3	5	0
Percentage	40	6.7	20	33.3	0

The largest percentage show that KwaZulu-Natal is number one of all provinces as a tourist destination, followed by those who felt it ranks number 4. It can therefore be said that this province compares well with other provinces.

Question 4 : Types of accommodation available for tourists in the province?

Respondents listed all types of accommodation, from 5 star hotels; motels; holiday apartments; caravans and camping sites.

Question 5 : What are the motivating factors for tourists to choose a certain type of accommodation?

Responses were the combination of the following factors: proximity (53.33%); price (66.66%) and comfort (40%). Three respondents did not respond. Price appears to be a critical factor for choosing accommodation. It is therefore possible that potential tourists do not become actual tourists because they cannot afford accommodation.

Question 6 : What types of accommodation are insufficient?

Most respondents indicated that accommodation is a serious problem - more rooms are needed. The following are the types of accommodation that were indicated to be much more needed:

- (a) medium-priced hotels to cater for the low income group.
- (b) holiday apartments (self-catering) that can be cheaply let to tourists.
- (c) up market hotels to cater for foreign tourists.

Question 7 : Are there sufficient amenities to cater for tourists?

Amenities were understood by respondents to mean facilities. The overwhelming number of respondents (99%) indicated that tourists facilities are not sufficient.

Question 8 : Are the facilities accessible?

This question elicited varied responses, which might mean that respondents did not understand accessibility the same way. However, most appear to be indicating a favourable accessibility of tourist attractions. The responses were as follows:

Accessible = 2 (13.33%)

Relatively accessible = 6 (40%)

Not accessible = 4 (26.66%)

Incorrect responses = 3 (20%)

Question 9 : Suggestions with regard to tourist facilities?

The following responses were received: should be accessible to communities; need to be upgraded; improve standards; should be made sufficiently available and be of international standard. Five responses were incorrect.

Question 10 : Estimation of the number of tourists that the province receives per year?

Most of the respondents refrained from answering quantitative questions and only responded, as follows:

Domestic tourists: 2 000 000; 2 400 000; 2 500 000 (x2); 3 500 000 (x2); 3 900 000; 4 500 000 and 4 800 000. On average, domestic tourists amounted to 3,3 million per annum.

International tourists: 300 000; 320 000; 420 000 and 250 000. The average amounted to 320 000 tourists per annum.

Question 11: Are tourist attractions different for local and international tourists?

According to the responses received, attractions are different for local and

international tourists. Local tourists mostly enjoy a seaside holiday, whilst foreign visitors look for the African experience of wildlife, historical and cultural exposure.

Question 12: *For what purposes do tourists come to KwaZulu-Natal?*

Tourists visit KwaZulu-Natal mostly for holiday purposes (86.66%), secondly to visit friends and relatives (66.66%) and lastly, business trips (53.33%)

Question 13: *How long do tourists stay - duration of the trip (excluding business trips)?*

<i>Number of nights</i>	<i>Responses</i>	<i>Percentage</i>
<i>1 – 3</i>	<i>4</i>	<i>26.66</i>
<i>4 – 7</i>	<i>4</i>	<i>26.66</i>
<i>8+</i>	<i>3</i>	<i>20</i>

The gap in responses results from the fact that some did not respond, but it seems that relatively short stays are the most common feature.

Question 14 : *How much do tourists spend in the province?*

Most respondents admitted that they have no idea on tourist expenditure. Those who responded indicated that on average tourists spend between R500 and R1 000 per day (including accommodation).

Question 15 : *Which attractions or areas are mostly and frequently visited by tourists in the province?*

Respondents identified three areas that attract tourists most: the Drakensberg; coast for seaside holiday and fishing and Northern KwaZulu-Natal.

Question 16 : *Is KwaZulu-Natal tourist friendly?*

Positive responses were 40 per cent and negative responses were 45 per cent of the respondents. This indicates that there is still a long way to go in terms of tourism awareness and hospitality in our communities and employees in the tourism and

hospitality industries.

Question 18 : *Is KwaZulu-Natal sufficiently promoted as a tourist destination?*

Twenty six per cent of the responses show that there is sufficient promotion taking place in the province and 73 per cent indicated that the province is not sufficiently promoted and also that there is negative publicity. Most suggestions put forward were that the province can best be promoted if there is a single well - managed marketing and promotional agency with sufficient funding. This can help to avoid unnecessary competition among stakeholders in the province.

Question 17: *Problems encountered by tourists in KwaZulu-Natal?*

Major problems indicated were personal safety, crime, and political violence.

Question 19: *What can be done to improve or expand the tourism industry in KwaZulu-Natal?*

The general comments were as follows:

- (a) Bring all the role-players together as they are very diverse in this province.*
- (b) There is a need to have a more effective control over the training and accreditation of tourists guides.*
- (c) Engage communities on tourism education forums.*
- (d) Establishment of a single representative tourism authority fully backed by government and the private sector to control and develop the industry according to internationally accepted practices.*
- (e) Expand tourist facilities such as King Shaka Airport, public transport, signage roads that are safer and a 15 000 seater concert venue.*
- (f) There has to be a proper planning and utilisation of all the resources.*
- (g) Personal taxes should be reduced.*
- (h) Train people to be efficient service providers.*

- (i) *There is a need to assess other markets that could be attracted and to address the potential market, especially, the untapped black family, middle and lower income groups.*
- (j) *Provide simple motel type of accommodation with 4 to 6 bed units*
- (k) *Provide amenities offering family units*
- (l) *Positive publicity*
- (m) *Political violence should be considerably reduced.*

4.4.4 Analysis of the findings

As indicated by the respondents, the majority do not understand the economic potential and contribution that tourism in the broadest sense can mean to the province, nor do they appreciate the benefits that it can bring to them as individuals and local communities. However, this situation is changing as more are becoming aware, but a serious effort is needed to bring greater consciousness to the public and to engender a real sense of hospitality rather than one of tolerance.

There is a room for the industry to grow. In the first place, KwaZulu-Natal has lagged behind other provinces in the past - not only as a result of its own lethargy, but also because of a lack of proper marketing of the province. To address this, it is essential that marketing efforts are properly co-ordinated at provincial level. This however, does not mean that provincial government must be directly involved, but there should be a single marketing authority made up of those elements of the industry which are going to benefit from increased tourism.

But, profit is the main motivating factor for private enterprise, which makes up the bulk of the tourism industry. The industry must take the initiative in marketing, but be



given institutional support and encouragement to get the initiative off the ground, and once launched, it should be self-sustaining.

One other field that could lead to the expansion of the industry, is the provision of proper tourist infrastructure. This tends to be difficult because tourism is somehow a chicken and egg situation. The industry is reluctant to invest if there are no tourists, but, the province will not get tourists if the infrastructure is not in place. Potentially, this province has the ability to be the top destination in the country, while in actual fact it only ranks the second or the third. As far as facilities are concerned, accommodation is problematic. There is an adequate range of types of accommodation available, from luxury hotels to tented camps and trail huts, but all are concentrated in certain areas, while other areas do not have even 200 beds. For example, there are less than 500 beds in the whole of Northern Natal.

According to the most of the responses (85%) received, the more scarce and the most needed type of accommodation is the medium-priced hotels and/or self-service flats to cater for the low income and the black community which is seen as an emerging market.

To promote the province more efficiently, an extensive and comprehensive data base and network of co-ordinated information centres is necessary to make planning of visits more readily accessible to tourists once they are here. Many tourists can be persuaded to stay longer in the province if information on attractions is readily available. It appeared from this survey that sometimes accessibility is limited by transport facilities. An efficient public transport network does not exist, so private enterprise must be encouraged to fill this gap. A lot of small operators and companies are already involved, but they are working completely independently and need some sort of co-ordinated advertising campaign so that visitors know the range of facilities that are available.



Tourists tend to gravitate to certain destinations, and this can probably be attributed to marketing and advertising, but in the case of domestic tourists, to habit and familiarity. The frequency to attractions goes hand-in-hand with the availability of facilities. The greater Durban area has higher concentrations of facilities such as hotels. This together with the fact that there is an airport, means that most tourists gravitate to Durban initially. It may then be used as a "springboard" to reach other destinations within the province (depending on the availability of the transport).

Without efficient and innovative transport facilities, many overseas tourists do not move further than Durban. One other aspect that needs attention is the fact that whilst tourists can do day trips out of Durban, there are simply not enough facilities in other centres to enable them to spend longer time there. The Drakensberg is another area commonly visited, again, because of the concentration of services. Lastly, at the Northern Coastal resorts, where transport and accommodation still need to be improved.

4.5 ESTIMATION OF THE ECONOMIC IMPACT OF TOURISM

The economic impact of the tourism industry in KwaZulu-Natal can be estimated as follows: Working on the assumption that each holiday trip takes the maximum of three days and that tourists spend R 500 per day, as the survey suggests. It means that for each trip tourists spend R1 500. Knowing that we have 3,3 million domestic tourists per annum, tourism expenditure can amount to R5,0 billion. With the influx of 320 000 foreign tourists, and an expenditure of R3 600 per person per visit, tourism expenditure becomes R1,2 billion. Therefore, total tourism expenditure can amount to R 6,2 billion per annum. This figure seems like a big amount, whereas it is not, because there is large leakages out of the regional economy in the form of imports from other provinces, as much of the tourist products, especially in the agricultural sector, are imported from the Gauteng province. In 1993, according to the Regional Economic Forum Tourism Working Group report, tourism expenditure was R5 226 million. This shows a dramatic



increase in tourism expenditure as a result of inflation and increase in the number of tourists coming into the country. Considering that there is one job for every ten tourists, it can be said that presently the employment capacity of the tourism industry in KwaZulu-Natal is approximately 330 000 jobs.

Furthermore, there is a large amount of money that goes to the government in the form of tax revenue, both directly and indirectly. For instance, the VAT collected from tourism expenditure of R 6,2 billion could be R 8,7 million.

A survey on South African domestic tourism market (Satour, 1995), shows the provincial source markets as follows:

Apparent from Table 4.5 is that tourists in KwaZulu-Natal originate mostly locally (49%), with 51 per cent of total tourists coming from other provinces, which can be regarded as foreign tourists and their expenditure impact significantly on the provincial balance of payments. In fact, when travellers from outside KwaZulu-Natal are spending on goods and services within the province, tourism act as an export industry by bringing in new revenues from external sources. Their expenditure also increase the general level of economic activity within the region, both directly and indirectly, - create new jobs and income. Taxes collected by the government also increase with higher level of economic activity.

KwaZulu-Natal province has not yet been very successful in attracting international tourists. According to the report by Korsman and Van Wyk (1994) this province attracted less than 17 per cent of the total international tourists visiting South Africa. However, after the general elections in 1994 the situation has improved because, the study on the international tourism market (Satour, 1995), shows that 32 percent of all the international travellers who came to South Africa in January and February 1995, went to KwaZulu-Natal. This compare well with 17 per cent in 1993, although it is still bad compared with 63 per cent to Gauteng and 56 per cent to Western Cape. This is one area that needs serious attention because the value of the international visitors in terms of foreign exchange could make a vast difference in the import/export trade.

TABLE 4.5 : PROVINCIAL SOURCE MARKETS OF TOURISM, 1994

	W.C.	N.C.	OFS	N.W.	E.C.	KZN	MPU M	N.PR	GAUT
N. PROVINCE	0	0	1	9	0	0	4	43	43
MPUMALANGA	1	0	1	4	0	1	36	15	42
N. WEST	2	2	2	44	1	7	12	2	28
GAUTENG	5	1	3	16	4	13	9	24	25
OFS	5	3	43	8	3	5	2	0	31
KZN	2	1	2	3	1	49	5	6	31
N. CAPE	34	27	0	21	6	2	0	0	10
WEST.CAPE	46	3	4	1	12	8	2	1	23
E. CAPE	24	2	5	4	32	18	1	1	13

Source: Satour, 1995

4.6 PROJECTIONS OF TOURISM DEMAND

The above analysis reveals that the impact and the importance of tourism is not yet fully known. For instance, there are many gaps in terms of the procedures to be followed in developing the industry. The correct measures to design appropriate policies and strategies are still at an early planning and developmental phase and no proper structures are in place. As a result most of the information on the industry's performance is not available. Most importantly is the fact that the tourism industry in this region is making a great contribution to the regional economy purely from the amount of tourism expenditure and the size of the labour force involved. When the planning phase is completed and the industry is properly managed, it will expand and the economic impact will filter down to the general public.

Decisions regarding the tourism infrastructure of a country is usually based on future perceptions. The most important contributors to the tourism infrastructure, viz, tourism promotion organisations and tourism businesses, base their decisions on environmental changes and the demand for their products and/or services. The forecasting of tourism demand is generally seen to be one of the more complex functions of tourism management.

The changes and challenges usually associated with developing tourism markets result in tourism businesses trying to convert negative and/or latent demand into effective demand. The following calculation was done to determine the tourism demand in South Africa (see also Table 4.6).

Based on Table 4.6, the tourism demand can be projected using the following formula and assuming a linear relationship:

$Y = a + bX$, with $Y =$ number of tourists and $X =$ time (years).

Calculation of the parameters yielded the following results:

$$b = \frac{n(\sum XY) - (\sum X)(\sum Y)}{n(\sum X^2) - (\sum X)^2}$$

$$= 388$$

$$a = \frac{\sum Y - b(\sum X)}{n}$$

$$= -464$$

$$r = 0,9$$

$$\text{and } r^2 = 0,81.$$

$$\text{Thus, } Y = -464 + 388(X)$$



**TABLE 4.6: PROJECTIONS OF THE SOUTH AFRICAN FOREIGN
TOURISM DEMAND, 1985 - 1995**

YEAR (X)	NO. OF TOURISTS (Y) ('000)	XY ('000)	X ²	Y ² ('000)
1	728	728	1	529 984
2	645	1 290	4	416 025
3	703	2 109	9	494 209
4	805	3 220	16	648 025
5	930	4 650	25	864 900
6	1029	6 174	36	1 058 841
7	1710	11 970	49	2 924 100
8	2703	21 624	64	7 306 209
9	3093	27 837	81	9 566 649
10	3669	36 690	100	13 461 561
11	4488	49 368	121	20 142 144
$\Sigma = 66$	20 503	165 660	506	57 412 144

Source: Satour, 1995

Since the sign of r is positive (same as that of b), it means that there is a direct correlation between the number of tourists coming into South Africa and the time (years). As r^2 is equal to 0,81 it indicates that the number of years (independent variable) explain about 80 percent of the variations in the number of tourists coming into the country. In other words, there is a linear relationship between years and number of tourists. Based on this linear relationship, projections for the next ten years yielded the following results:

1998 = 4 968 000

2000 = 5 744 000

2002 = 6 520 000

2004 = 7 296 000

2006 = 8 072 000

The projections as shown above reflect a steady increase in the tourism demand, and in 2006 foreign tourists coming into the country will reach 8,1 million. However, these projections are based on the assumption that every thing remains the same. An optimistic scenario can also be created based on the fact that presently the country is undergoing transformation, which gradually changes its image in the international community. If this transformation becomes a success, in the same year (2006) the number of tourists coming into the country could be far ahead of what is projected.

As a result of the appealing nature of South Africa about one third of all South Africans go on holiday over a period of one year. This implies that almost thirteen million people go on holiday every year. The market for domestic tourists is equally important, and the demand for domestic tourism is increasing sharply because of the black market which is only emerging now. The only inhibiting factor for domestic tourists is the price of a holiday, especially for accommodation, and as a result, a larger percentage of tourists use friends and relatives' accommodation (as indicated in Table 4.7).

Most domestic tourists prefer KwaZulu-Natal as a holiday destination as seen on Chapter II.

TABLE 4.7: PATTERN OF DOMESTIC TOURISM BY TYPE OF ACCOMMODATION, 1992

<i>Family and friends</i>	<i>57.4</i>
<i>Hotel</i>	<i>8.3</i>
<i>Game / Country lodge</i>	<i>0.8</i>
<i>Self-catering flat</i>	<i>12.4</i>
<i>Guest houses</i>	<i>2.3</i>
<i>Caravan/camping</i>	<i>9.2</i>
<i>Other</i>	<i>8.9</i>
<i>TOTAL</i>	<i>100</i>

Source: Nieuwenhuizen, 1995

Deducing from the national situation and the general performance of the South African economy (taking cognisance of the inflation rate), there will be a doubling of spending by tourists in the next five years in KwaZulu-Natal. This will create a substantial demand for the construction of infrastructure and new hotels. Between 1 400 and 3 000 additional hotel rooms will be needed in the province (Nieuwenhuizen, 1995). The rise in rates and revenue as a result of the inelastic supply of accommodation, will in the long run justify the construction of new hotels, inclusive of luxury ones. Although hotels can be built and brought into stream within a period of two years, the construction industry at this stage is unlikely to have the capacity to do so on a large scale.

*The development of the large backlog in the construction industry, *inter alia*, as a result of increased activity in other sectors of the economy, would have adverse implications all over the*

economy. KwaZulu-Natal has already established itself as South Africa's top holiday region and therefore, can expect an increase in tourism expenditure.

The direct economic cost to the hotel industry being unable to accommodate an increase in the number of foreign tourists can be great, cognisance being taken of the fact that on average R3 600 is being spent locally by each tourist. The indirect cost of a shortage of accommodation would be even higher, especially if KwaZulu-Natal becomes known as a less reliable destination.

All these projections are based on the assumption that the political conditions within the country will be normalised. These positive projections, together with the fact that KwaZulu-Natal is a top holiday destination for domestic tourists, serve as a challenge for KwaZulu-Natal to implement tourism strategies as soon as possible, particularly those pertaining to tourism development and management. In fact all those areas identified as having tourism potential should be developed as a matter of urgency. This may help to capture more international tourists to the province, which appears to be still problematic. In short, in order to cater for the projected demand there has to be an action on two major areas: accommodation and increasing the scope for tourists, by exposing all the attractions for them. In the next chapter some of these issues pertaining to tourism policy, planning and marketing in KwaZulu-Natal will be addressed.

CHAPTER V

TOURISM POLICY, PLANNING AND MARKETING

5.1 INTRODUCTION

To guide the development of tourism at a destination area, it is necessary to establish a tourism policy. The principles underlying such a tourism policy are addressed in this chapter. Because of the potential importance of tourism to the destination area, public sector involvement is often desirable for setting and carrying out that policy (World Tourism Organisation (WTO), 1994).

5.2 ESTABLISHING A TOURISM POLICY

A statement of tourism policy must provide a set of guidelines for all those directly and indirectly involved in tourism by specifying the broad goals and objectives, priorities and actions that will provide the basis for the future development of tourism in the destination area (Mill, 1992). The tourism policy should be formulated such that most of the needs of a region are identified (for example, creation of employment and economic diversification).

5.2.1 Tourism goals

Tourism goals must reflect these overall needs, but indeed they are constrained by the existing market and resource factors. A series of strategies and programmes should flow from the overall policy that is aimed at achieving the tourism goals. Due to the fragility of tourism, its development should be carefully planned. In the process of formulating the policy, both positive and negative effects of tourism development should be considered. Mill (1992) came up with the self-destruct theory of tourism development. These are four phases of development and decline:

Phase 1: Remote and exotic location offers rest and relaxation, that is, it provides an escape for rich tourists.

- Phase 2: Tourism promotion attracts tourists of middle incomes grounds - they come for rest and to imitate the rich. More hotels are built and transforms the original character away from an 'escape paradise'*
- Phase 3: Area develops mass tourism, attracting a wide variety of tourists and lead to social and environmental degradation*
- Phase 4: As resorts sinks under the weight of social and environmental problems, most tourists exit - leaving behind derelict tourism facilities. Most of population cannot return to original way of life.*

Goals for tourism have to be set before policy statements can be developed. It is also essential that tourism goals are set in concert with the broader economic, social, cultural and environmental objectives of the destination. They must support broad national or regional interests.

Typical tourism goals include :

(a) Economic goals:

To optimise the contribution of tourism and recreation to economic prosperity, full employment, regional economic development and improved international balance of payments.

(b) Socio-cultural goals:

To contribute to the personal growth and education of the population and encourage their appreciation of the geography, history and ethnic diversity. To avoid the encouragement of activities that have the potential of undermining the social and cultural values and resources of the area and its traditions and lifestyles. And to make the opportunity for and the benefits of travel and recreation universally accessible to residents and visitors.

5.2.2 Market development goals

Market development goals encourage the free and welcome the entry of foreigners, while balancing this goal with the need to monitor persons and goods entering the country with



laws protecting public health, and these goals need to be well defined.

5.2.3 Resource protection and conservation goals

The main goal in this regard is to protect and preserve the historical and cultural foundations as a living part of community life and development, and to ensure future generations an opportunity to enjoy the rich heritage of the area. Furthermore, the goal is to ensure the compatibility of tourism, recreational and activity policies with other broader interests in energy development and conservation, environmental protection and judicious use of natural resources (Singh and Kaur, 1982).

5.2.4 Tourism objectives

Having stated the tourism goals and considered the constraints associated with it, more specific tourism objectives should be articulated. Sometimes conflicts arise between goals or within goals, for example, should casino gambling be encourage ? To do so may be consistent with tourism's economic goals, but may conflict with the country's socio - cultural goals. Conflict can also arise within goals, for example, encouraging more foreigners to visit tourist attractions in the region may help to improve the balance of payments, thus helping achieve part of an economic goal, but this may not be compatible with another economic goal of maximising regional economic development.

"The agreed - upon tourism objectives, carefully formulated to complement the tourism goals, constitute the main element of the tourism policy for a destination area"
(Mill, 1992).

5.3 TOURISM DEVELOPMENT PLANS

Tourism planning takes place at various levels ranging from the national and regional macro levels to the various micro local planning levels. At the local level, tourism plans are prepared for resorts, cities, towns and villages. Plans are prepared for development of tourist attraction features - and organisation of tourist activities. At the local level, determination and adoption of tourist facility development and design standards are

essential to ensure that facilities are appropriately sited and designed with respect to the local environmental conditions and desired character of the development. The macro level of tourism development provides the framework for developing tourism at the community level (McIntyre, 1993).

One of the most critical, aspects of a tourism plan is the preparation of an effective strategy to determine tourism, tourism development opportunities and to take advantage of the strengths, minimise the weaknesses, and aid in the maximisation of potential tourist markets (Chuo, 1992). It is essential to have appropriate experience and expertise to conduct successful strategies. Through the private enterprise suppliers, tourism organisations co-operate and participate in the operation of strategies that will make the plan to be completed successfully. Thus, there are several major areas of information that are required for analysis before a tourism product plan can be prepared (McIntyre, 1993).

5.3.1 Preparing a resource inventory

The preparation of a resource inventory provides a basis for assessing the significance of the tourism resources in the area and to determine the possibilities for future tourism development (Fowkes, 1992).

The ability to create a tourist demand needs to be objectively assessed based on the quality, uniqueness and capacity for development of local assets. Although natural and or created attractions are important in encouraging tourists to visit an area, so too are accommodations, food services, shops, entertainment and other resources.

(op. cit.). It is therefore important to analyse tourism in terms of operating season length, carrying capacity and competitiveness to determine if there is a lack of resources or sufficient resources to carry out the development plan.

A realistic assessment of resources should be made in relation to other competitive tourism destination areas. Resources must be developed as effectively as possible, not only to successfully attract visitors, but also try to retain them and have them return

(Ferrario, 1981). Usually, the considered factors used to evaluate the strengths and weaknesses of resources are :

- * *Type and number*
- * *Seasonality*
- * *Quality*
- * *Profitability*
- * *Value for money spent by tourist.*

If a tourism base already exists in a certain area, resources can be assessed through evaluation of any present marketing programmes for those resources. The following factors might be used in this evaluation :

- * *Information provided to actual and potential tourists*
- * *Quality of promotional material used (such as brochures)*
- * *Duplication of any promotional efforts used*
- * *Value of money spent on present marketing programmes.*

The resource inventory should be summarised by identifying:

- * *the improvements required to increase the satisfaction of existing tourists.*
- * *any gaps in the present situation*
- * *any improvements needed for existing attractions, or creation of new ones, to expand the present tourist base.*
- * *any ways in which the length of a seasonal tourist base can be stretched out.*
- * *any ways in which new markets can be encouraged(Chuo, 1992).*

5.3.2 Conducting an economic impact analysis

Economic impacts must be covered in some depth in a tourism product plan. Direct economic impacts such as revenue potential and employment should be included. Indirect economic impacts such as the relative costs of equipment also need to be explored (McIntyre, 1993).

It is apparent from the available literature that the economic impact of tourism in the

world have been studied in depth. On a regional level the effects of tourism development can be seen in the increased demand for particular goods and services, the creation and absorption of employment, the generation of income in both private and public sectors and the creation of investment opportunities often financed by the capitalisation of rising land and property values. Spending on travel and tourism also benefits government revenue through taxes, duties fees and rates (WTO, 1994).

The tourism industry uses unskilled and semi-skilled labour as well as employees at the middle and top management level. It therefore covers a wide spectrum of job opportunities, and because it is not physically consumed, the industry has the ability to continue creating and maintaining job opportunities (op. cit.). Tourism also expands and disperses employment opportunities. Employment is created in areas with a potential for tourism, but which have no industrial development.

The indirect impact of the initial tourism spending results from an important economic concept, that is the multiplier effect. As income rise within a region, local consumption expenditure increases and this may induce an even greater impetus to the regional economy. The magnitude of the multiplier depends on the degree to which a regional economy is able to retain as income the money spent by visitors. This in turn, is a function of that economy to produce the various items and services consumed by tourists.

The smaller the size of the region's economic base and the fewer the intra-regional linkages, the more goods and services which may have to be brought into the region from outside. In these circumstances, the greater will be the leakage and hence, the lower the value of the multiplier.

5.3.3 Conducting a social and cultural impact analysis

Archer (1973) explains that the social impact of tourism has received less attention in published studies than the economic effects of tourism, largely because of problems of measuring social impact. He pointed out that significant interactions occur among the

host, tourist and origin cultures , for example, the residents in destination areas gain new understanding of other customs, habits, beliefs and institutions. At the same time, the visitors also can pollute the socio-culture in the same way.

Tourism can also make a valuable contribution in supporting a wider range of amenities and services that would otherwise not have been viable if it depend entirely on local patronage.

5.3.4 Planning tourist attractions

Tourist attractions are what induce tourists to visit an area and these attractions must be carefully planned and managed. The planning of tourist attractions features is a specialised discipline and the approach must be adapted to the character of the particular attraction being planned. For the planning of tourism, use of natural attractions such as national parks and many archaeological and historic places planning is generally as follows:

- 1. Determination of the development and conservation objectives within the framework of the parks and conservation policy.*
- 2. Establishment of visitor carrying capacities, based on assumptions of types of visitors use.*
- 3. Projections of visitor demand by type of use.*
- 4. Determination of types of visitor facilities needed and facility space requirements.*
- 5. Formulation of the plan, including preparation and evaluation of outline plans and selection of the final plan with any staging of development indicated.*
- 6. Preparation of a visitor use organisation and flow patterns where appropriate.*
- 7. Final environmental impact analysis.*
- 8. Implementation of the plan and continuous management of the resources and its visitor use (McIntyre, 1993).*

5.4 *MARKETING TOURISM*

Having tourism attractions in an area can be fruitless if those attractions are not known to potential tourists all over the country/world. Whilst dealing with tourism development strategies, it seems necessary to first briefly review the general principles of tourism marketing.

5.4.1 *Key definitions and core concepts of marketing*

Marketing has been defined in various ways. However, the typical approaches are :

"Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others" (Fowkes, 1992);

"Marketing is the process of planning and executing the concept, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational objectives" (official definition of the American Marketing Association), as quoted by Chuo (1992); and

"Marketing is the process by which the destination and tourist enterprises sell their products and services to potential customers"(McIntyre, 1993).

The core concepts that can be extracted from these definitions are : demands, products, utility, exchange and markets.

- * Demands are wants for specific products that are backed up by an ability and willingness to buy them.*
- * Products/services are anything that can be offered to someone to satisfy a need or want.*
- * Utility is the consumer's estimate of the product's or service's overall capacity to satisfy his/her needs. The value depends on the utility in relation to the price. After making the choice, the consumer will get a certain satisfaction.*

- * *Exchange is the act of obtaining a desired product from someone by offering something in return.*

- * *A market consist of all the potential customers sharing a particular need /or want who might be willing and able to engage in exchange to satisfy that need or want. In economics the term market refers to a collection of buyers and sellers who transact over a particular product or product class.*

5.4.2 Marketing plan

The first step in preparing the marketing plan is the formulation of marketing objectives and strategy; which then provide the basis for specifying the tourism promotion programme. According to McIntyre (1993) the marketing objectives will be represented by the market analysis. These targets are set for long, medium and short-term periods. The marketing strategy is then formulated based on the objectives. This strategy sets the most effective approach for achieving the market targets.

The marketing strategy concerns:

- * *the type of promotional techniques to be used*
- * *the timing or priority scheduling of promotional efforts to the various market sources*
- * *the image to be conveyed*
- * *obstacles to be overcome*
- * *the relationship of marketing to certain major development projects in the area, such as a resort or major attraction feature.*

Tourism promotion can include paid advertising in the media, brochures and other printed materials disseminated through travel professionals and information centres, travel agents, tour operators and attention-getting and good will building activities through varied public relations and public schemes.

5.4.3 Target marketing

A company that decides to operate in some broad market, recognises that it normally

cannot serve all the customers in that market. The customers are too numerous, widely scattered, varied in their buying requirements.

The heart of modern strategic marketing can be described as STP (segmenting, targeting and positioning) (Chuo, 1992). In other words, target marketing calls for three major steps; market segmentation, market targeting and product/service positioning.

5.4.3.1 Market segmentation

Markets consist of buyers, and they differ in one or more respects. They may differ in their wants, resources, geographical locations, buying attitudes and buying practices. Any of these variables can be used to segment a market. We may define market segmentation as the process of breaking down a heterogeneous market into segments which are relatively homogeneous and identifiable for the purpose of designing a marketing mix to meet the needs, of consumers in segments that are attractive to the firm (Fowkes, 1992).

5.4.3.2 Market targeting

The organisation in evaluating different market segments, must look at three factors, namely, (i) segment size and growth; (ii) segment structural attractiveness; and (iii) organisational objectives and resources. As a result of evaluating different segments, the organisation/company must then find one or more market segments worth entering and decide which and how many segments to enter.

5.4.3.2 Product/service positioning

Product/service positioning is creating a product or service that consumers will view in a certain manner relative to other products. The company or organisation positions its goods or services so that it has a certain image among potential customers.

5.4.4 Applying the general marketing components to tourism

One way of generally applying the basic principles of marketing to tourism, is to use the



seven O's questions and answer approach of the market place as spelled out by Ghali (1977):

<i>who constitute the market ?</i>	<i>occupants</i>
<i>what does the market buy ?</i>	<i>objects</i>
<i>why does the market buy ?</i>	<i>objectives</i>
<i>who participates in the buying?</i>	<i>organisations</i>
<i>how does the market buy ?</i>	<i>operations</i>
<i>when does the market buy ?</i>	<i>occasions</i>
<i>where does the market buy ?</i>	<i>outlets</i>

(1) Who constitutes the market ? - Occupants

The market consists of all the individuals that buy or acquire or sell tourism services for personal consumption. However, tourism is not a homogeneous movement. Tourism is heterogeneous because consumers vary tremendously in a variety of characteristics. The tourism organisation which must analyse its markets and identifies marketing opportunities will have to understand the characteristics of individual markets and will have to assess how environmental forces which determine the marketing opportunities and constraints.

The more usual methods of tourism market segmentation according to Mill (1992) are as follows:

(i) Socio-demographic characteristics.

These features are age, sex, family size, occupation, education, religion and net family income;

(ii) Socio-economic features, which subdivides the population into groups which are indicative of occupation and income;

(iii) Travel motivations. Motivations are imprecise and evolving. There are primary and secondary motivations operating within the parameters of possibility which include deterrents for example, time, affordability, age



and physical ability, weather, politics and fashion. Primary motivations extend from a wish to be a conference delegate or to study or simply need for a change, while secondary motivations include culture, value for money or vicarious pleasure.

- (iv) *Travel patterns of behaviour or psychographic groups. Such factors are suitability of the climate, need for rest and relaxation and interest in different cultures. The marketer must determine whether the segment is measurable, in terms of being able to quantify it - and meaningful, in terms of it representing a discrete group which can be fairly precisely targeted using relevant media. In short, the occupants which constitute the market are segmented into a particular group from heterogeneous consumers. Therefore, one of the principal roles of a tourist office should be to develop new markets and new segments.*

- (2) *What does the market buy? - Objects*

The central question is, what kind of product or service is offered in the tourism market? In considering a product/service, there are three levels involved. The most fundamental level is the core product, which answers the question: what is the market really buying? Every product/service is really the packaging of a want-satisfying offering. A young lady buying a BMW is not simply buying a vehicle. "In the factory, we make cosmetics, in the store we sell hope." Therefore, for the same reason a woman buying a lipstick is not simply buying lip colour.

A tourist attending tourism is not just taking part in a tour. We must uncover the needs hiding under the tourism service and not merely know the ostensible features. The core product stands at the centre of the total product.

The core product of the tourism service is directly dependent on the purpose of the tourists travel, such as holidays, sports, study, religion, health, visiting

friends and even for stress-releasing purposes. The tourist office turn the core product into a tangible one (Chuo, 1992).

(3) *Why does the market buy? - Objectives.*

Why does the consumer (tourist) choose the object to satisfy his/her want/need and to achieve his/her objective?

The best way to answer is to look at the whole range of the buyer's decision-making process as indicated in Table 5.1.

TABLE 5.1: FOUR TYPES OF MARKETING ALTERNATIVES

<i>WHAT DESIRE DO I WANT TO SATISFY?</i>	<i>WHAT DO I WANT TO ENTERTAIN?</i>	<i>WHAT TYPE OF TOUR?</i>	<i>WHICH BRAND DO I WANT?</i>
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Source: Chuo, 1992

The objectives of the buyers' purchasing is obviously directed at satisfying the needs and wants through certain objects, and the decision is made through the four types of alternatives.

(4) *Who participates in the buying? - Organisation*

As has been discussed in the first section of this chapter there is a wide range of organisations that take part in the total process through which the tourist achieves his "tourism product" buying: Government is virtually always to a certain extent involved in the organisation of tourism. The government's role in tourism can be seen at four levels, namely:

- (a) *in the planning and facilitating of tourism, including the provision of financial aid;*

- (b) *in the supervision and control of component sectors of the tourism industry;*
- (c) *in direct ownership of the components of the industry; and*
- (d) *in the promotion of the nation and its tourist products to home and overseas markets (op. cit.).*

The rest of the questions on how does the market buy; when does the market buy and where does the market buy emphasis the operations of the market, the occasions of buying and distribution techniques respectively.

5.4.5 Marketing approach

McIntyre (1993) looked at the following aspects as constituting the basic marketing approach :

- * *Inventory of existing tourist attractions and activities, assessment of potential attractions and activities that could be developed and analysis of the possible competition with the neighbouring communities.*
- * *Clarify community tourism and general development and conservation objectives, including economic environmental and socio-cultural considerations.*
- * *Estimate level of demand and carrying capacity*
- * *Assess support services, tourist facilities, services and related infrastructure.*
- * *Match attractions with the potential tourist market segments.*

5.5 IMPLEMENTING THE TOURISM PLAN

Implementing a tourism development plan requires various approaches and techniques. First, the roles of the public and private sector should be decided. These vary depending on the national and local situation, but the private sector often assumes much

of the responsibility for development and management (McIntyre, 1993). However, local government must perform several important functions in providing a conducive framework for development and management. It appears that close co-operation and co-ordination between the public and private sector is of paramount importance - throughout the implementation and management process. Adequate infrastructure is essential for the successful implementation of a tourism plan and in maintaining environmental protection and local resource conservation.

Implementation of specific development projects should be pursued according to a systematic approach, including carrying out feasibility analyses. As has been mentioned above, the implementation is the responsibility of both government and private sector. With respect to government involvement, the organisation and policies of the local government must be considered in the planning and implementation process. The role of the government at all levels is a critical one with respect to deciding tourism development policy; developing major infrastructure, including access to the tourism area, administering land use and environmental protection regulations and to encourage private sector investment in tourism when and where necessary, (Inman, 1985).

5.5.1 Public - private sector co-ordination in implementing the tourism plan

Some of the costs of developing and maintaining infrastructure such as water supply, electric power, and certain attractions such as museums and historic sites, can be recovered as user fees. For residents to have easy access to attractions features, it is common practice for higher admission fees to be charged to non-residents. The development of tourist facilities and services, such as hotels, tour and travel agencies, restaurants, commercial type tourist attractions and activities is usually the responsibility of the private sector which can profit from these facilities and services. However, in some newly developing tourism areas and places where private capital is limited, it may be difficult to attract private investment. Therefore, it may be necessary for the

government to make the initial investment or to offer incentives such as free land and infrastructure or tax exemptions to attract private sector capital investment. Also, joint ventures between the government and private investors is a common technique to get tourism development started in some areas. When tourism is well underway and has proven its profitability in the area, the government can sell its investment share in facilities to the private sector. Most arguments suggest that investment incentives should be retained only as long as necessary and then reduced or eliminated so that there is no undue loss of capital or potential revenue to the government.

Close co-ordination on plan implementation, development and management should be maintained between the local government and private sector. A common organisational mechanism is to establish a co-ordinating body on tourism in the area, such as a tourism advisory board or co-ordinating committee comprised of representatives of government and private sector. This body usually meets regularly to consider tourism matters of mutual interest, exchange ideas and information, advise responsible authorities to take appropriate actions and act jointly when necessary.

5.6 MANAGING THE TOURISM INDUSTRY

Continuous management of tourism is as important as proper planning and development. The management process requires the establishment and maintenance of a tourism information system. Such a system provides a data base for marketing, development and monitoring. Monitoring is suggested as the key to effective management of all aspects of tourism. In order to monitor and manage tourism it is essential to know how to maximise opportunities and mitigate problems in a systematic and comprehensive manner (Rogers and Slinn, 1993).

Many tourism areas have development which was initially not planned. Or the planning was not implemented and the result is uncontrolled development. Also, planning and

implementation, even when achieved are not infallible and circumstances change also resulting in problems.

Coping with improper development and often the resultant saturation and over development of an area are essential aspects of management. Managing successful tourism requires suitable education and training for employees in both the public and private sectors. Effective tourism management requires the efforts of all parties involved: public and private sectors, non-governmental organisations and tourists. Then, establishing organisational structures to co-ordinate these various efforts is essential.

5.6.1 Establishing a tourism information system.

For the effective management of tourism and to provide a data base for development, marketing and monitoring, it is essential to establish a tourism information system for the tourism area. What should be recorded on a Tourism Information System ? (Van Riet, 1992).

- * *Arrival of tourists : where they come from, and why they come to a specific area.*
- * *Accommodation : supply, types, locations and occupancy*
- * *Receipts : how much tourists spend in your area, and where tourists spend their money.*
- * *Attractions and other facilities: visitation rates and patterns.*
- * *Other types of information, such as tourist attitudes towards local attractions, facilities and services can also be recorded in the information system.*

5.6.2 *Monitoring*

Monitoring provides a key for determining the effectiveness of the development programme. It also allows for the detection of any problems before they become serious and the adoption of measures to put the programme back on track. More generally, monitoring is used to evaluate whether the overall tourism development policy, plan and programme are effective for achieving the development objectives. If certain approaches are determined to be deficient, adjustments can be made. Effective tourism planning and development require some experimentation with different approaches to determine which are the most appropriate ones for the area.

5.6.3 *Coping with saturation*

According to McIntyre (1993) tourism is one of the fastest growing activities in the world, hence, there is a danger that at some point the carrying capacity of either the natural or social environment or the infrastructure will be reached. Saturation will occur and the quality of the tourism product will decline, with the environment and local community negatively impacted. As quality drops, the number of tourists and their satisfaction level will also decrease or less desirable type of tourism will develop.

Saturation levels of tourism sites and areas need to be anticipated and appropriate management strategies applied. Ferrario (1981) suggested three strategies in this regard namely, to increase the capacity; disperse the pressure; and limit the access.

(1) *Increasing the Capacity*

To increase the capacity, studies can be undertaken to determine which elements of the environment are reaching saturation and how to increase these particular

aspects of capacity. In some, but not all, cases capacity can be increased. Some of the management techniques which can be implemented for increasing capacity are as follows:

- * Expand capacity of utility services such as water supply, sewerage and solid waste disposal and telecommunications.*
- * Provide the high - use attraction features close to access points to reduce transportation demand.*
- * Disperse tourist attractions and facilities so that no one place becomes too congested.*
- * Create one - way traffic systems to improve visitor flows.*
- * Provide visitor education to modify visitor behaviour.*
- * Provide public awareness programmes to educate residents about the importance of tourist and how to cope with tourists.*
- * Ensure that amenity features and facilities are available to residents at reasonable costs.*

At a regional/provincial level actions may be taken to improve major infrastructure such as airports and highways; and providing grants or special loans to undertake necessary redevelopment in local areas.

(2) Dispersing the pressure

Dispersing the pressure within the tourism area requires development of new attractions and tourist facility areas and the connecting transportation linkages. But, this is possible only when assuming that tourism resources of natural or cultural attractions exist elsewhere or that new "man - made" attractions can feasibly be developed.

Opening up new tourism areas not only relieves pressure on existing tourist destinations, but also provides economic benefits of additional income and

employment (McIntyre, 1993). However, opening of new tourism areas requires much public and private investment in facilities and marketing of these new places. Another dispersal technique suggested by Natal Parks Board (1991) is the extension of the visiting season in conjunction with an effort to "demarket" overutilised attractions and facilities during their peak season period and increase marketing efforts for the low seasons periods. This can sometimes be accomplished through policies and other incentives or disincentive techniques.

(3) *Limiting access*

An extreme measure that can be applied during peak season periods is to limit access to the number of tourists which can be handled within the carrying capacity levels. McIntyre (1993) mentioned among others the following access limitation techniques:

- * Imposing self - limiting measures, such as higher prices on room rates and admission fees.*
- * Closure of certain places, such as environmentally fragile nature areas at certain times.*
- * Establish a maximum number of persons to be allowed at certain tourist attraction features at any given time.*
- * Limit parking, passenger seat availability or another type of transportation capacity.*

5.7 SUMMARY

This chapter has shown that tourism is a fragile phenomenon that need proper administration and management. Very important also is the process of policy formulation, to serve as a guide to all the interest groups because of the fragility of



tourism.

It became apparent that assessment of the situation (for example, a SWOT analysis) is crucial to guard against unnecessary externalities and to maximise the benefits. The issues that the tourism policy has to address can be summarised as follows:

(a) Negative public perceptions

Tourism must be viewed as an economic activity rather than merely as a leisure activity. As such, the importance of the industry should be stressed in terms of its capacity to generate employment, surplus flows of funds to remote areas, investment and foreign exchange.

The tourism policy should create awareness of the economic opportunities that the industry presents at all levels, this should include an assessment of the backward and forward linkages that the industry generates. Furthermore, policy should ensure that the economic benefits of the industry accrue to all people of the region, not to specific vested interests and groups.

(b) A limited tourist typology

It should be recognised that the tourism market is complex, involving a myriad of potential tourists with different needs and expectations. The provincial policy should aim to exploit the full spectrum of the market. Policies should also be geared to both local mass market and the international market.

(c) Limited and inappropriate human resources training

According to McIntyre (1993), human resources could emerge as the single most important issue facing the tourism industry in the next century. Training and human resources development strategies are lacking in South Africa

as a whole, and in the tourism industry specifically. The regional tourism policies should be premised on developing the region's human resources to its full potential, and overcoming past imbalances. The objective of such training would be to ensure a greater degree of effective participation in the industry at all levels.

It should be noted also that an understanding of the institutional structure, policies and the process of tourism development is an essential prerequisite for managing the tourism industry in a way that will yield maximum private and social benefits. There are a number of stages that are involved in the process of developing a tourist industry as well as legislation (policy) which will guide the participants in the industry. Tourism activity is a multidimensional phenomenon, as a result it requires participation of different institutions, with each having its role to play. There has to be an inventory of the required resources, and during the planning stage a thorough marketing plan has to be drawn up, as it is essential that tourist attractions are promoted effectively. Once the tourism industry is developed to an operational level, it has to be properly managed to avoid it to reach a saturation point.

CHAPTER VI

SUMMARY AND CONCLUSIONS

The traditional disparity between the import and export of commodities and services, and the erratic behaviour of foreign investment, have been a major constraint on the socio-economic development of South Africa. The removal of these constraints is a prerequisite for more rapid and sustained economic growth and the upliftment of the living conditions and general welfare of the people of South Africa. The high propensity to consume as well as the high levels of unemployment and the unequal distribution of income are adverse factors as far as savings are concerned, therefore, any development route (for example, investing in the tourism sector) that can significantly address these factors, should be explored. Based on this premise, it can be said that the country is critically dependent on the improved performance by the external sector as a major input in its growth effort.

Based on an assessment of the problems, constraints and opportunities facing KwaZulu-Natal tourism industry, the concept of "Responsible Tourism" emerged as the most appropriate concept for the development of tourism in KwaZulu-Natal and in the RSA as whole.

The White Paper on Tourism Development Policy (1992) proposes Responsible Tourism as the key guiding principle for tourism development. Responsible tourism implies a proactive approach by tourism industry partners to develop, market and manage the tourism industry in a responsible manner, so as to create a competitive advantage. Responsible tourism implies tourism industry responsibility to the environment through the promotion of balanced and sustainable tourism and focus on the development of environmentally - based tourism activities (for example, game-viewing and diving). Responsible tourism means responsibility of government and business to involve the local communities that are in close proximity to the tourism attractions through the development of meaningful economic linkages (for example, the supply of agricultural produce to the lodges, out-sourcing of laundry). It implies the

responsibility to respect interest in and develop local cultures and protect them from over-commercialisation and over-exploitation. It also implies the responsibility of local communities to become actively involved in the tourism industry, to practice sustainable development and to ensure the safety and security of the visitors. Responsibility to visitors through ensuring their safety, security and health is another consequence of responsible tourism. Responsible tourism also implies the responsibility of both employers and employees in the tourism industry both to each other as well as to the customer. Responsible trade union practices and responsible employment practices will be the hallmarks of the new tourism in South Africa. Responsible tourism also implies responsible government as well as responsibility on the part of the tourists themselves to observe the norms and practices of South Africa, particularly with respect to the environment and culture of the country.

The constraints on economic growth and development imposed by the imbalance of the external accounts, cannot be remedied by increasing the volume or prices of export of primary products of the agricultural and mining sectors, because the prices of such exports are not within the control of the local producers. The precarious world market position of products of the mining industry, as far as pricing is concerned, can only be addressed by beneficiation and processing before export at a national level. Tourism is considered as an appropriate means of earning foreign exchange for the country and as a vehicle for rural development and community upliftment, however, there are many negative public perceptions regarding the tourism industry, for example, that it is only for the wealthy, white South Africans and foreigners. Thus, the economic and social problems mentioned in Chapter I can be reduced by improving the performance and increasing the number of participants in the tourism sector.

As has been discussed on Chapter I, the level of socio-economic development in KwaZulu-Natal is not satisfactory and most of the development indicators are at the minimum level. It has also been explained that tourism as an economic sector fall within the category of a service industry. As a service industry, it can only exist with the presence of some basic infrastructural facilities which can be regarded as the inputs to the development of the

output of the tourism industry. Apparent in Chapter III, is that tourism products can be classified into two categories: (a) Tourism Oriented Products - being the economic activities which are directly related to the tourism industry (goods and services produced primarily for consumption by tourists). and (b) Resident Oriented Products - being the products produced primarily for use by the residents of a tourism destination, but can also be used by tourists.

In Chapter II, it has been indicated that KwaZulu-Natal has a very huge tourism potential as compared to other provinces in terms of its attractions, which are spread throughout the province, and as a result enjoys a larger share of tourism revenue. There are a number of institutions that are potential stakeholders ranging from governmental, private sector, non-governmental and community-based organisations, with each having its role to play and to complement each other. The role of government becomes crucial in levelling the field for the other partners to take-over. In this respect the relationship becomes very crucial between all the potential stakeholders for the process of tourism development to be effectively followed. The stages of tourism development (planning, marketing and management) becomes very critical for the industry to generate expected benefits in terms of stimulating the economy.

It has also been shown in Chapter III that the operation of the tourist market is governed by the same economic principles as any other market. Prices are determined by the interaction of demand and supply forces and that any factor that affects the demand or the supply for tourists products leads to a disequilibrium position. Such shifts and the extent of market outcomes are dependent on the elasticities of demand and supply of tourists products.

To a larger extent, the tourism industry has a macroeconomic impact in that it influences the balance of payments, employment rate, government revenue, economic growth and the level of development in general. Related to this is the fact that tourism industry is one industry that can ensure regional growth. Caution has also been given to the effect that there are externalities associated with the tourism industry.

Worldwide, tourism is an important source of income and foreign exchange and it is an area where South Africa has a competitive advantage to take on international competitors. The South African share of world tourist market is not as bad as one would assume looking at the economic situation within the country.

The tourism industry in South Africa presently contributes significantly to the economy of the country. This is confirmed by the number of job opportunities created up to 1995 which amounted to 550 000. The contribution to GNP, however, does differ much from that of the world (5 per cent and 10 per cent for South Africa and the world respectively). Also reflected is the potential of the industry to earn foreign exchange. In this regard South Africa ranks number 4 in the world based on the R13 billion that was received in 1995. Generally, the projections by major world tourists organisations are very positive about the growth of the tourism industry in South Africa. Furthermore, this industry is a major source of government revenue as it contributed R6,4 billion in 1995 (Finansies en Tegniek, July 1996). Thus, improvements and development of the industry can lead to increased government revenue. Therefore, the government has to take initiatives to ensure the proper functioning of the industry.

The situation at a provincial level is not the same as that at a national level. Provinces differ widely in terms of their economic potential in different economic sectors. After Gauteng, KwaZulu-Natal makes the largest contribution to the country's GDP. For instance, in 1993, only three provinces contributed more than 10 per cent. GDP was R344,9 billion, of which Gauteng's share was R130,3 billion (38%); KwaZulu-Natal - R51,4 billion (15%) and Western Cape's R48,3 billion (14%). For visitors who seek the African experience, but wish to enjoy it in Western comfort, KwaZulu-Natal offers a warm climate, lush scenery, well equipped game reserves, the Drakensberg resorts and a long coastline with sandy beaches and a warm ocean.

As the findings from the survey and projections of tourist demand have shown, this province has a potential in the tourism sector to be the largest contributor to the GDP. The government together with interest groups has to ensure proper implementation of the tourism policy and the strategies as suggested by the Growth and Development Strategy document.



The Department of Economic Affairs and Tourism, together with the Regional Economic Forum, has been allocated the responsibility of drawing up a provincial development policy and development strategy (the KwaZulu-Natal Growth and Development Strategy) by the Cabinet of KwaZulu-Natal. This process was completed in February 1996 and will feed into a National Development Strategy. According to this study the development perspective for KwaZulu-Natal revealed a number of important implications for a development strategy. These implications can be grouped into broad components such as: Industrial Development; Commerce, Finance and Trade; Institutional Development; Agricultural Development and Agrarian Reform; Spatial Policy; and Tourism.

According to this study, the wide range of natural and other resources in KwaZulu-Natal, and the potential that Durban act as a gateway into the rest of Southern Africa, means that the tourism sector has a unique ability to service a variety of niche markets. The fact that resources are relatively accessible and that flexible usage is possible, can form the basis of the tourism strategy. In addition, the province has a well developed sports, culture and leisure infrastructure which act as a drawcard to a wide range of tourists.

To implement a strategy based upon niche markets, differentiated small and medium tourist services will have to be supported. This could include the provision of facilities which allow for opportunities in local low income tourism to be developed, while retaining the local middle income family tourist market.

The appropriate facilities and strategies which capture niches in the international tourist market will have to be developed. In this respect, sporting events such as the Comrades marathon, can perform a catalytic function, as can the province's major natural attractions, such as the Drakensberg Mountains and the St Lucia Wetland. There is also a potential in KwaZulu-Natal to serve as a platform for tourism into Mozambique from Maputaland, the Lesotho Highlands from the Southern and Northern Drakensberg, and the Wild Coast from the South Coast.



More specifically, the tourist potential of KwaZulu-Natal could be more clearly differentiated in order to develop tourist "clusters" with reinforcing linkages. Examples could be the South Coast being increasingly geared towards the local family market, the North Coast up to the Tugela River being orientated towards the higher income and international resort market, and from the Tugela onwards, low and medium usage eco-tourism could be targeted, which could include luxury leisure based tourism, as well as adventure nature based tourism such as hiking and climbing.

Within the Durban Functional Region, the beach front, offers 4 kilometers of under-exploited opportunities. As one possibility, small business expansion could be encouraged along the beach front, especially on the northern beaches, which are geared towards lower income family tourists. The Esplanade could be developed as an interface between the city and harbour, with greater access opened up. Durban also possesses a number of unique and undeveloped features, notably the Bluff, the Point and the river valleys (uMngeni and uMbilu). A coherent strategy is required for tourism as a whole, and other areas of potential in the city need to be taken up before the utilisation of these resources can be optimally realised.

Nonetheless, small and medium scale development can be promoted in these areas, with priority given to the creation of safe vehicle parking, a secure "parks and gardens" development, the extension of short leases to restaurants and other entertainment venues, and the preservation of historic buildings. This would allow recreation space to be developed which enhances the attractiveness and use of the city for residents and tourists.

The views and opinions of the people involved in tourist activities and the analysis of the findings of the survey should be seriously considered. With all this taken into consideration by the relevant authorities the tourism industry in KwaZulu-Natal can prosper.

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APPENDIX A

QUESTIONNAIRE

I am conducting a survey on the contribution of tourism to growth and development in KwaZulu-Natal. I would like to have your opinions on the performance of the tourist industry in this province. You have been selected to complete this questionnaire specifically because of your involvement in tourism.

Once you have completed this questionnaire, please send it to:

ZETHU DUBE

P/BAG X23

ULUNDI

3838

OR FAX IT TO: 0358 - 202660

1. IN YOUR EXPERIENCE AND INVOLVEMENT IN TOURISM IN THE PROVINCE, DO YOU THINK THE GENERAL PUBLIC UNDERSTAND WHAT TOURISM IS ABOUT?

.....
.....

2. IS THERE SCOPE FOR THE GROWTH OF TOURISM IN THE PROVINCE?

YES NO

IF YES, WHY

.....
.....

IF NO, WHY.....

.....
.....

3. HOW DOES KWAZULU-NATAL COMPARE TO OTHER PROVINCES AS A TOURIST DESTINATION?

ON A SCALE OF 1 TO 9 (1=best; and 9=worst) HOW WOULD YOU RATE KWAZULU-NATAL.

1 2 3 4 5 6 7 8 9

4. DO YOU HAVE ANY IDEA ON THE TYPES OF ACCOMMODATION AVAILABLE TO TOURISTS IN THE PROVINCE? IF YES, LIST THEM

.....
.....

5. WHAT DO YOU THINK ARE THE MOTIVATING FACTORS FOR TOURISTS TO CHOOSE A SPECIFIC TYPE OF ACCOMMODATION?

.....
.....
.....



6. IN YOUR OPINION, WHAT TYPE OR TYPES OF ACCOMMODATION NEED TO BE CONSTRUCTED OR ARE INSUFFICIENT?

7. ARE THERE SUFFICIENT AMENITIES TO CATER FOR TOURISTS NEEDS?
 YES NO
 EXPLAIN.....

8. ARE THE FACILITIES OR AMENITIES ACCESSIBLE?
 YES NO
 EXPLAIN.....

9. WHAT SUGGESTIONS DO YOU HAVE WITH REGARD TO TOURIST FACILITIES?

10. CAN YOU GIVE ANY ROUGH ESTIMATION ON THE NUMBER OF TOURISTS THAT THE PROVINCE RECEIVES PER YEAR?
 DOMESTIC.....
 INTERNATIONAL.....
11. ARE THE TOURIST ATTRACTIONS DIFFERENT FOR LOCAL AND INTERNATIONAL TOURISTS?
 EXPLAIN.....

12. VISITORS CAN BE IN THIS PROVINCE FOR DIFFERENT PURPOSES,inter alia, ARE THE FOLLOWING: STUDY, BUSINESS OR HOLIDAY.
 WHAT DO YOU THINK MOST OF THE VISITORS COME HERE FOR?
 RANK PURPOSES, 1.
 2.
 3.
13. HOW LONG DO TOURISTS GENERALLY STAY (EXCLUDING BUSINESS TRIPS). NUMBER OF NIGHTS
 1-3
 4-7
 8+



14. HOW MUCH DO TOURIST SPEND WHILST IN THE PROVINCE?
 TOTAL AMOUNT.....
 ACCOMMODATION.....
 FOOD.....
 TRANSPORT.....
 SPENDING MONEY.....
15. THERE IS AN IDEA THAT ALTHOUGH TOURISTS ATTRACTIONS ARE SPREAD THROUGH OUT THE PROVINCE,BUT TOURISTS CHOOSE CERTAIN AREAS TO GO TO. WOULD YOU AGREE? YES NO
 IF YES, WHICH ATTRACTIONS/AREAS OR DISTRICTS ARE MOSTLY AND FREQUENTLY VISITED BY TOURISTS AND WHY?

16. IS KWAZULU-NATAL IN YOUR OPINION TOURIST - FRIENDLY?
 YES NO
 IF YES , WHAT MAKES IT TOURIST FRIENDLY.....

 IF NO, WHY

17. IN OTHER COUNTRIES AND IN OTHER PROVINCES TOURISTS SOMETIMES ENCOUNTER TWO OR MORE OF THE FOLLOWING PROBLEMS: PERSONAL SAFETY, THEFT, CRIME, POOR SERVICE, TRANSPORT, WEATHER CONDITION.
 WHAT DO YOU THINK OF THE KWAZULU-NATAL SITUATION?

18. DO YOU THINK KWAZULU-NATAL IS SUFFICIENTLY PROMOTED AS A TOURIST DESTINATION?
 YES NO
 IF NO, HOW CAN TOURISM BEST BE PROMOTED?

19. GENERALLY, WHAT DO YOU THINK CAN BE DONE TO EXPAND OR IMPROVE THE TOURIST INDUSTRY IN THE PROVINCE?

THANK YOU FOR YOUR ASSISTANCE AND TIME.



APPENDIX B

